

# Current History

A WORLD AFFAIRS MONTHLY

DECEMBER, 1979

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# Current History

DECEMBER, 1979

VOL. 77, NO. 452

*What is the new Southeast Asian policy of the United States? Is Vietnam the new colonial power in Southeast Asia or is she struggling to maintain her independence in the face of a threat from China? In this issue, seven articles evaluate these questions. Our introductory article examines the policies of the Carter administration, and notes that the United States is now focusing on the plight of the Asian refugees. "Such a policy," concludes this specialist, "creates a kindly image for the United States abroad, helps to raise our national self-esteem, and strengthens our network of ties with most nations in Asia." At the same time, "it leaves open the possibility of normal diplomatic relations with Vietnam."*

## The United States and Southeast Asia: A New Theme

BY PETER A. POOLE

*Director, Center for International Studies, Old Dominion University*

**D**URING the first two years of President Jimmy Carter's administration, the key word describing the new administration's approach to Southeast Asia was normalization. The term had been coined by the administration of Gerald Ford, but the Carter team was far more active in seeking an agreement for normal diplomatic and trade ties with Vietnam. The main obstacles, Vietnam's demand for "reparations" and the American insistence on a "full accounting" of Americans missing in action (the MIA's), had apparently been surmounted by late 1978. During the same period, the Carter administration also held economic talks with the five ASEAN states (Thailand, Malaysia, Singapore, Indonesia, and the Philippines) to show the importance it attached to this regional grouping.

However, the Carter administration was apparently moving toward an even-handed approach to ASEAN and a Vietnam-controlled Indochina. Such an approach was totally unappealing to the leaders of ASEAN. Without exception, they made it plain that they wanted the United States to remain a strong military and economic factor in their region. They did not want to be left with a Soviet-supported Vietnam and a somewhat erratic Beijing (which had sometimes mounted campaigns of subversion among the overseas Chinese). Even Japan, whose economic might was increasingly viewed by ASEAN as a positive factor, was still not fully trusted.

Specifically, what did ASEAN leaders want of the

United States? They considered it essential that the United States continue to balance Soviet military power globally by maintaining the Seventh Fleet in their region. They also wanted the United States to continue its traditional support for a global system of free trade—particularly to allow easy access for Southeast Asian goods into United States markets. Finally, the ASEAN states believed that active United States diplomacy would moderate the policies and conduct of their other great trading partners: Japan, China and the European Community. And they expressed no objection at all to our dealing with Vietnam or the Soviet Union as long as our aim was to limit Vietnamese and Soviet expansion.

For most of the past decade, ASEAN leaders thought that the United States performance fell far short of these goals. The American failure to complete the process of normalization with China told them that Washington was losing interest in Asia. President Carter's 1977 decision to withdraw United States troops from Korea caused greater consternation than President Nixon's larger withdrawals, because President Carter seemed a less well-known quantity. Moreover, President Carter's persistent effort to establish ties with Hanoi coupled with his criticisms of human rights standards in ASEAN states seemed to place old friends of the United States on a par with ASEAN's enemies.

There were also some difficult economic issues—like the declining value of the dollar, the apparent



growth of United States protectionism, and congressional cuts in aid to Asian multilateral organizations. Thus, like many other friends of the United States, ASEAN leaders were made uncomfortable both by the diminished effectiveness of the United States worldwide and because Americans seemed less interested in the balance of forces in Asia.

### THE VIETNAMESE INVASION OF CAMBODIA

The Vietnamese invasion of Cambodia in early 1979 was a catalytic event. Like the 1970 invasion ordered by President Nixon, it compounded the misery of the Khmer people by subjecting them to endless civil war. It also changed ASEAN into a more vocal political bloc and precipitated a new United States approach toward the region.

The new American policy took several months to jell. At first, it seemed possible that the ASEAN states (and not Vietnam) might be singled out for special blame when the ASEAN states refused to accept all of the refugees who reached their shores. But the new United States position was finally crystallized at a series of conferences in the summer of 1979: the Tokyo summit of the major non-Communist powers, the Bali ministerial meeting of ASEAN, the ANZUS meeting in Canberra, and the Geneva conference on the plight of the boat people.

The turning point in United States policy was President Carter's June, 1979, announcement that the United States would double its own rate of admission of Indochina refugees. Intentionally or otherwise, this proved to be an effective antedote to residual American feelings of guilt about the United States role in the Indochina war. (Officially, and perhaps in reality, the new waves of refugees have no previous links with the United States or its Indochinese clients.) United States bilateral and multilateral aid programs have begun to function normally again. The United States, as well as Japan, China, Australia, New Zealand and the five ASEAN states, have all adopted the position that a deliberate Soviet and Vietnamese effort to destabilize ASEAN is a prime danger to Southeast Asia.

Even so, the United States may still reach agreement with Hanoi on the subject of diplomatic recognition. (This may have to wait until after the 1980 United States presidential election.) A year ago, the negotiations seemed on the verge of producing diplomatic relations with Hanoi. But they were sidetracked when China suddenly sought full relations with the United States on the basis of a new formula that omitted any explicit threat to use force to regain Taiwan.

<sup>1</sup>Peter A. Poole, *The Vietnamese in Thailand* (Ithaca, N.Y.: Cornell University Press, 1970); and "The Vietnamese in Cambodia and Thailand: Their Role in Interstate Relations," *Asian Survey*, vol. 14, no. 4 (April, 1974), pp. 325-337.

The creation of normal United States ties with China completed a 10-year process by which the United States, Japan and China established more cordial and more soundly based relations than at any other time in this century. During 1979, this entente survived two potential setbacks: China's dangerous punitive thrust into Vietnam (which almost provoked a land or sea attack by the Soviet Union) and a complex revision of China's development plans. The new operational theme of United States policy toward Southeast Asia probably evolved as a series of responses to concrete problems. Administration officials probably did not foresee that the many threads of the refugee problem would create a web of new relationships throughout Southeast Asia. Yet waves of immigrants from China into the region and from Vietnam into neighboring states have long played a major role in determining relations among these various countries.

For centuries, Southeast Asia has been one of the world's great crossroads for the movement of trade, ideas and displaced people. Long before the Christian era, the area was settled by people of various ethnic groups who moved south from southern China. Among the more recent arrivals—mainly in the last 300 years—were the "overseas Chinese," some of whom traveled overland to escape the turbulence of World War II and China's civil war. The overseas Chinese have been a major economic force in nearly every part of Southeast Asia, often provoking envy, suspicion or outright racial hatred among the host population—who regard them as usurious money-lenders and middlemen, occupying a privileged place between European (and Japanese) colonialists and non-Chinese Asians.

Somewhat like the overseas Chinese, thousands of Vietnamese have also been forced to leave home—by wars and religious persecution and pressure on the land. They have regularly spilled over into adjoining countries. During the French colonial period, they were the clerks and tradesmen of Laos and Cambodia (hated for much the same reasons the overseas Chinese were hated in Malaysia and Indonesia). The first Indochina war (1946-54) drove about 50,000 Vietnamese into Thailand, where they multiplied faster than the Thais could arrange to send them home. By the start of 1975, Thailand had about 80,000 people of Vietnamese descent (many classified as "refugees" although they were born on Thai soil) who were in various stages of absorption into the kingdom's racial mosaic.<sup>1</sup> There were also several hundred thousand people of Khmer origin living in Thailand's eastern provinces; much larger numbers of people in eastern and northern Thailand were related to the hill tribesmen of Laos or to the lowland Lao.

In 1975, Communist victories in Indochina produced a mass exodus of refugees, most of whom had

been linked in some way to the United States or its client regimes. According to the United States State Department, 231,000 people fled from their homes in Vietnam, Laos and Cambodia during 1975 and sought refuge in non-Communist countries. Of these, 168,000 were permanently resettled in non-Communist countries, but 63,000 remained in "first asylum" countries, mainly Thailand.<sup>2</sup>

During 1976 and 1977, 90,000 people fled from Indochina. About half of this group reached countries of permanent settlement. But those who remained in Thailand (and other first asylum countries) raised the population of refugee camps to 105,000.

On the whole, the 1976 and 1977 flow of refugees—especially from South Vietnam—were a continuation of the 1975 exodus. It seems likely that, through the end of 1977, most of the refugees fled without the active connivance of their Communist rulers—most of them left because they had fought the Communists, had been associated with the previous regimes or with the United States, or disliked their new rulers. In Cambodia, the extreme brutality of the Pol Pot regime caused large numbers of people to attempt escape. Since the western border with Thailand was mined and tightly guarded, larger numbers fled eastward into Vietnam.

In 1978, the flow of refugees from Indochina increased sharply, and there was an important change in the motivation of those who left Vietnam. In early 1978, Hanoi began an intensive transformation of South Vietnamese society. The old business and professional classes were barred from their traditional livelihood; and many people were forced to accept a life of extreme hardship in remote "new economic zones," where day-to-day survival without proper food, medicine, and other necessities offered a severe challenge.

South Vietnam's Chinese minority bore the brunt of these policies, having been the dominant group in urban businesses. Moreover, Vietnam's growing political conflict with Beijing made the Chinese minority an inviting target. The Sino-Vietnamese political conflict led to increased pressure on the Chinese in North Vietnam where the Chinese were mainly employed as coal miners and stevedores. During the summer of 1978, about 160,000 ethnic Chinese fled overland to China before Beijing closed the border. During the next year, an additional 70,000 Chinese fled from Vietnam by boat for mainland China. After the Chinese attack on Vietnam in February, 1979, Hanoi is believed to have confronted all Chinese in Vietnam

with a choice of leaving Vietnam or moving to the infamous new economic zones.

Meanwhile, since the summer of 1978 evidence of official Vietnamese collusion in the mass exodus had been mounting. Hanoi's motives appeared to be commercial as well as political. Press reports indicate that selling permits to leave the country had become the regime's main source of foreign exchange; some funds collected by this means were used to pay for arms from the Soviet Union. Apparently only ethnic Chinese were allowed to buy their escape. Ethnic Vietnamese had to pose as Chinese or else engineer genuine escapes. The penalties for those who were caught were often severe.

The money with which the Chinese paid for their exit permits came mainly from relatives living abroad; it was transmitted to Vietnam by middlemen in trading centers like Hong Kong and Singapore as well as Vietnam. In Vietnam, the funds were exchanged for gold, which was then turned over to officials who helped arrange the escapes by small hired steamers or rickety wooden fishing boats. Often the vessels were unseaworthy, and it is estimated that up to half of the refugees who fled Vietnam by sea have drowned.<sup>3</sup>

Thus, by late 1978, the entire pattern of the Indochina exodus had changed. The numbers were higher; there was also a far higher proportion of ethnic Chinese (and people who pretended to be Chinese). With most people escaping by boat rather than overland, the first asylum countries also changed. During the month of November, 1978, nearly 40,000 people fled Indochina for some non-Communist country. This was nearly as many as during the entire previous year. Of these people, about 22,000 left Vietnam in various kinds of boats; Malaysia received more of them than any other country. Those who were interviewed by newsmen all told the same story; Vietnamese officials openly connived in their escape after demanding most of their life savings.

Hanoi may have grown alarmed by the unfavorable publicity generated by this callous trafficking in human lives. People around the world were shocked by the suffering and high death rate of the boat people, particularly the children, who often died of exposure. For three months, the number of boat people leaving Vietnam diminished, though this was offset by a new influx of Cambodians into Thailand after Hanoi invaded the country in January, 1979. Thailand also continued to receive a steady flow of refugees from Laos.

In May, 1979, Vietnam resumed the lucrative practice of "exporting" people by sea on a large scale. The country's desperate need for foreign exchange to finance economic growth was probably a major reason. In the month of May alone, an estimated 60,000 people left Vietnam, Laos and Cambodia. Because of the humane treatment they received in Hong Kong,

<sup>2</sup>U.S. Department of State, Bureau of East Asian and Pacific Affairs, "The Indochina Refugee Problem," undated and unclassified press release (11 pages with tables) given to the author on July 19, 1979.

<sup>3</sup>*Ibid.* Also see "Vietnamese Refugee Boat 0105: The Agony of a 10-Week Journey," *The New York Times*, July 25, 1979, p. A1.

this became the boat people's favorite destination. Of the ASEAN states, only Singapore refused to admit refugees up to that time. (Singapore has traditionally been suspicious of Chinese refugees from Communist countries.)

By June, 1979, the main first asylum countries (and their refugee populations) were: Thailand (160,000); Malaysia (75,000); Hong Kong (50,000); Indonesia (32,000); and the Philippines (4,000). Except for Thailand, whose refugees came mainly from Laos (133,000) and secondarily from Cambodia (20,000), most of the rest were from North or South Vietnam.

In June, 1979, all the ASEAN countries began to stiffen their positions on accepting any more refugees.<sup>4</sup> For most ASEAN leaders this was a painful step. Thailand, in particular, has a long tradition of granting sanctuary to persecuted minorities, and the country literally has no effective means of closing its borders. Moreover, all of the ASEAN states were extremely nervous about the reaction of world opinion—particularly United States opinion—to their tougher policies. And, finally, most of the ASEAN leaders have been very reluctant to confront Vietnam in any way or to do anything that might suggest that ASEAN is SEATO's successor. The fact that they overcame these strong inhibitions reveals how deeply concerned ASEAN leaders were about Vietnam's aims and about the problems of coping with an endless tide of refugees.

As it turned out, the ASEAN leaders chose an ideal moment to voice their fears. The refugee problem became a major item on the agenda of the Western and Japanese leaders in Tokyo. (It was second in importance only to the oil problem.) Close economic ties account for the easy access that ASEAN leaders enjoy in Western decision-making circles. Japan, the United States, and the EC (in that order) are ASEAN's major trading partners. Two-way trade between ASEAN and the United States reached \$12.5 billion in 1978, making ASEAN our fifth largest trading partner.

President Carter's pledge to double the rate of admission of refugees to the United States proved to his colleagues at the Tokyo summit that the United States would take the lead on this issue. The President and Secretary of State Cyrus Vance persuaded the other heads of government to increase their resettlement programs. On a per capita basis, France had done more than any other country, having resettled 50,000 refugees by mid-1979. Australia (not at the Tokyo summit) was next with 20,000 refugees resettled, and Canada had accepted 11,000. Other European and Latin American countries and New Zealand were, together, admitting 900 refugees per month.

<sup>4</sup>K. Das, "ASEAN Hits Back at Hanoi," *Far Eastern Economic Review*, June 22, 1979, p. 17.

The United States refrained from putting pressure on its major Pacific ally, Japan, to accept more than a token 400 to 500 refugees. The Japanese government argued that the refugees preferred to join the larger Vietnamese communities in North America, France and Australia. Some Japanese critics replied that far more could be done to make the refugees feel welcome in Japan. But Japanese leaders preferred to play their part by bearing a larger share (50 percent) of the \$100 million budget for the United Nations High Commission for Refugees. Washington, which pays about a quarter of the UNHCR budget, professed to be pleased with Japan's offer.

Secretary Cyrus Vance attended the Bali meeting of ASEAN foreign ministers in early July, along with the foreign ministers of Australia and New Zealand. Vance and his party were unable to persuade the ASEAN ministers to retract their tough declaration barring the further entry of refugees and condemning Vietnam for causing the exodus. However, ASEAN leaders were heartened by the deep interest of the United States. Several ministers told Vance they hoped their governments would, in fact, continue to receive some refugees.

Indeed, there was every indication that Vance scored a brilliant personal success at Bali by reassuring his ASEAN and ANZUS colleagues that the United States commitment to the Asia and Pacific region was firm. Also contributing to Vance's success was the highly satisfactory state of relations between the United States, Japan, and China. An important factor in this unprecedented entente was President Carter's pledge (in June) to keep over 30,000 United States combat troops in Korea. The Tokyo, Bali, and Canberra meetings in close succession marked the high-point in mutual confidence between the United States and its friends and allies in the Pacific region during the past 30 years.

Vice President Walter Mondale led the United States delegation to the subsequent Geneva conference, which grappled with the refugee problem. Mondale's presence at Geneva and his statements during a trip to China later in the summer showed that the administration would not back away from its leading role on the refugee issue and would continue to make this the central theme of its Southeast Asia policy.

In the fall of 1979, after the United Nations General Assembly session began, Cambodia became an important topic in United States Southeast Asian policy,

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*"Kampuchea's future is the crux of Southeast Asia's current polarization that pits a Soviet-backed, Vietnamese-controlled Indochina against China with the ASEAN states watching uneasily from the sidelines."*

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## Kampuchea: Vietnam's "Vietnam"

BY SHELDON W. SIMON

*Professor of Political Science, Arizona State University*

REGIONAL conflict in Southeast Asia centered on Kampuchea (Cambodia) in 1979, as the "gentle land" once again became a proxy for great power ambitions. In effect, the question of which government would rule in Phnom Penh became the cutting edge of the Sino-Vietnamese conflict. For Vietnam, the pacification of Cambodia would terminate a feisty regime (Pol Pot's Khmer Rouge) that had created considerable havoc along Vietnam's southwestern border and would consolidate Hanoi's control over all Indochina—making Vietnam the successor of the French rulers.

For China, however, such an outcome was seen as a strategic threat. Because of Vietnam's November, 1978, Friendship Treaty with the Soviet Union, Hanoi's control of Indochina would revive the Soviet Union's Asian Collective Security concept, originally broached in 1969, confronting China with a hostile Indochina to the south linked to her perennial Soviet enemy to the north and west. In short, Beijing believed it had to support the barbarous Pol Pot regime, despite China's disapproval of its internal savagery, because at bottom the Khmer Rouge remained steadfastly anti-Vietnamese.

Beijing undoubtedly understood its weak military position with respect to Cambodia as early as December, 1977, when China proved unable to help Pol Pot throw back the Vietnamese occupation of the Fishhook (Mimot-Krek) and Parrot's Beak (Svay Rieng) regions of eastern Cambodia. This Chinese weakness was in sharp contrast to large-scale Soviet deliveries of tanks, aircraft and munitions to Vietnamese ports in the six months before Vietnam's December-January, 1979, final assault.

The rapidity of Vietnam's armored *blitzkrieg* enabled her to cut off Pol Pot's forces from Chinese supplies. It also resulted in a major loss of face for China. A two-month debate ensued in the Chinese

Politburo, weighing the potential risks and gains from military action against Vietnam. If she acquiesced in Vietnam's military conquest, China's leaders believed, a number of negative political effects would follow. China's credibility as a regional power would be reduced and its influence on the Association of Southeast Asian Nations (ASEAN) would wane. China's ability to serve as a source of ultimate appeal for Southeast Asia's Overseas Chinese, if subjected to local pogroms, would diminish.

Perhaps most important of all, China's insistence to the United States that the Soviet Union and its allies were paper tigers and should be resisted would ring hollow if Beijing itself backed down in the face of a Soviet-Vietnam challenge.

Thus, in February and March, Hanoi's occupation of Kampuchea was followed by a measured Chinese incursion into Vietnam's six northern provinces. A major regional conflict had erupted with the potential for superpower involvement—all the result of a Cambodian pariah.

Vietnam's invasion of Kampuchea provided the world with its first authentication of conditions in that country between 1975 and 1978. The picture was gruesome. Evidence of large-scale torture and mass murder was revealed through searing photographs published in the international media. Other sources of information indicated that the educated classes had been forced from the cities and systematically executed, leaving virtually no one with the technical and managerial skills needed to sustain a modern society. Factories remained closed; there was literally no one able to reopen them. International relief officials visiting Cambodia in August, 1979, found that hospitals, schools, water supplies, and sanitary systems had all been demolished by the Khmer Rouge. Of more than 500 physicians known to have been practicing before Lon Nol's defeat in 1975, only 40 have been found—the remainder presumably killed or dead in the course of arduous labor in the fields and jungles over the last four years. Reports from Phnom Penh were amazing.<sup>1</sup>

In fact, the relief officials said, every home had been ransacked. "It was not looting," one official declared, "because the soldiers did not take anything for them-

<sup>1</sup>A number of accounts are available. See for example, *Svenska Dagbladet* (Stockholm), October 1, 1978; *Kyodo* (Tokyo), October 14, 1978, in Foreign Broadcast Information Service (FBIS), *Daily Report—Asia/Pacific*, October 18, 1978, H9-H10. The quotation is from Seymour Hersh, "Relief Aides, After Trip to Cambodia, Say 2.25 Million There Face Imminent Starvation," *The New York Times*, August 8, 1979.



selves." But, he said, all signs of modern civilization—typewriters, television sets, phonographs, books—were destroyed. In the shattered hospitals of the capital, all the medical equipment, textbooks and reference journals were found broken and scattered on the floors.

All the automobiles in the city, the officials said, were driven by soldiers to an empty field and abandoned, left to rust as further symbols of modern decadence.

Vietnam had occupied a wasteland. Because of the absence of Cambodian cadre, the Vietnamese in effect had to take over leadership and managerial positions in order to get the country running again. Such obvious political control of the society, however, rendered Vietnam vulnerable to charges of imperialism and the creation of a new Cambodian colony.

One report states that Vietnam made her decision to overthrow Pol Pot in March, 1978. To prepare for the event, Hanoi needed to secure Soviet backing, ASEAN acquiescence, and the creation of a puppet group in whose name the invasion would occur. On the military front, Vietnam began a buildup along the Kampuchean border in mid-1978, supported by large-scale Soviet deliveries of military hardware. High-level Vietnamese visits to the ASEAN capitals in the fall sought to assure these countries that regardless of what might happen in Kampuchea, Hanoi had no intentions of subverting ASEAN politics. Finally, the November treaty of friendship and cooperation with the U.S.S.R. capped these preparations. By aligning with the Soviet Union, the Vietnamese believed they had neutralized China and paved the way for a successful low risk military action.<sup>2</sup>

On December 3, 1978, Hanoi Radio announced the creation of a Kampuchean United Front for National Salvation (KNUFNS) allegedly complete with armed forces, news service and radio station. (In fact, of course, these emanated from the Vietnam side of the border.) Designated as the leader of KNUFNS was Heng Samrin, a former eastern regional military commander under Pol Pot. In its opening broadcast the Voice of the Cambodian People echoed Vietnamese charges that the Khmer Rouge had become Chinese puppets who were crossing the Vietnam border "and massacring the fraternal Vietnamese

people, thus violating the sovereignty of the PRV." In conclusion the radio exhorted: "There is only one path to follow. That is to take up weapons, rise up and remake our revolution in order to topple the clique."<sup>3</sup>

By the end of January, the Vietnamese army, employing heavy armor columns with considerable air support, had occupied all the population centers of Cambodia. But the bulk of the Khmer Rouge army eluded them. Because the Vietnamese had chosen to rely on heavy military machinery, they had limited themselves to the main roads and were spread thinly over provincial capitals, tenuously tied together by overstretched supply lines. The Khmer Rouge retreated to the almost inaccessible Elephant Mountains in southwestern Cambodia, where units could presumably be resupplied from offshore islands as well as overland via Thailand. China urged the Pol Pot regime to halt its paranoiac internal purges and create a united front "involving the whole nation against outside aggression." Beijing insisted that the only chance for victory against the Vietnamese was "to unite all forces that can be united in order to form a massive and strong force to resist the enemy. . . ." In a particularly pointed remark, the Chinese noted: "In the united front, the patriotic intellectuals are a force not to be ignored. . . . It should not only embrace the workers and peasants but also include all patriotic national bourgeoisie . . . all forces who will resist the Vietnamese aggressors."<sup>4</sup>

There are some indications that China's advice has been heeded. Khmer Rouge officials like Ieng Sary report that elements of the former Lon Nol government have joined an anti-Vietnam united front. The extent of such a movement is unclear, however, given the bitterness and suspicion of previous relations.<sup>5</sup> Moreover, the Khmer Rouge guerrillas seem still to be following terrorist tactics. To discourage Cambodian villager collaboration with the Vietnamese, guerrilla squads have executed the local administrators installed by Vietnamese troops.<sup>6</sup>

Substantial aid has come through Thailand. Equally important for Khmer Rouge survival has been Thailand's willingness to allow Pol Pot's forces to cross into Thailand for temporary sanctuary. (It is possible that Thailand could not prevent them in any case.) These troops are then allowed to move along the Thai side of the border until they find a suitable location to reenter Cambodia.<sup>7</sup> The Vietnamese may well discover that their 14 divisions in Kampuchea are

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<sup>2</sup>Nayan Chanda, "The Timetable for a Takeover," *Far Eastern Economic Review (FEER)*, February 23, 1979, pp. 33-34.

<sup>3</sup>Voice of the Cambodian People (clandestine) in Cambodia, December 5, 1978, in FBIS, *Daily Report—Asia/Pacific*, December 5, 1978, H1-H2.

<sup>4</sup>*People's Daily* editorial, February 9, 1979, in FBIS, *Daily Report—Peoples Republic of China*, February 12, 1979, E15-E17.

<sup>5</sup>See for example, Nayan Chanda, "The Two Voices of Kampuchea," *FEER*, June 22, 1979, pp. 10-12; and *The Nation Review* (Bangkok), June 23, 1979.

<sup>6</sup>*The New York Times*, March 16 and April 7, 1979.

<sup>7</sup>Richard Nations, "The Fight to Remain Neutral," *FEER*, May 11, 1979, pp. 8-9.

**Sheldon W. Simon** is visiting professor of political science at the University of British Columbia, Vancouver, for the 1979-1980 academic year. He is editor of and contributor to *The Military and Security in the Third World: Domestic and International Impacts* (Boulder: The Westview Press, 1978).



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*"Indonesia, especially Java, is a Gordian knot of paradox for economic planners searching for a workable redistribution-with-growth strategy."*

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# Indonesia: Bonanza Development Amidst "Shared Poverty"\*

BY GEOFFREY B. HAINSWORTH

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INDONESIA has the largest number of people living in absolute poverty in Southeast Asia, though the extent and gravity of this may be masked by the rapid increase in gross national product (GNP) per capita, particularly since the oil price hike engineered by the Organization of Petroleum Exporting Countries (OPEC) in 1973. The island of Java is the most densely populated area of comparable size in the world (rivalled only by Bangladesh), and it is here that the problem of poverty is most concentrated and most intractable. The discussion of this article will thus refer mostly to Java. Ironically (perhaps fortuitously), the concentration of poverty has been associated with an absence of glaring inequalities, at least at the village level within rural Java, though this is now becoming less true. The concept of "shared poverty," enunciated by Clifford Geertz as a social response to "agricultural involution," provides at least one explanation for this, although others have argued that the apparent harmony and spontaneous accommodation that this concept may suggest are misleading, and that the arrangements mask subtler systems of inequality and exploitation.<sup>1</sup>

Whatever the underlying motivation and social mechanism, it is a fact that land scarcity in Java has for a long time been manifested by a multitude of very small landholdings and, by contrast with other parts

of Southeast Asia, a general absence of overt landlord-tenant relationships.<sup>2</sup> For example, a 1903 poverty survey recorded 45 percent of farms as having less than half a hectare and only 21 percent having more than one hectare; 60 years later, the 1963 agricultural census found 52 percent of farms below half a hectare and 22 percent larger than one hectare. Given the fact that Java's population more than tripled over these 60 years, from 29 to 66 million, with only a small extension (prior to 1902) of area under cultivation and with relatively limited migration to other regions or to urban areas, there evidently has to have been a significant increase in rural landlessness. By 1973, almost half of Java's rural households were estimated to be either landless or cultivating one-tenth of a hectare or less, too small to be counted in the agricultural census. Another 25 percent of households had farms between 0.1 and 0.5 ha. which could not have supported a family above the poverty line without supplementary off-farm sources of income. No doubt many did exist below the poverty line; but it is also the case that an extraordinary amount of division of labor, of putting out tasks to others, and splitting and sharing of tasks, was ingeniously contrived over the years, which enabled the steadily increasing numbers to find work and to register claims on the product derived from a very finite resource base.

There evidently must come a limit to this process, where fragmentation of land and occupations, and the complex matrix of interlocking services, comes to resemble what in chemistry is called a super-saturated solution. Java must have been approaching super-saturation by the middle of the twentieth century. Under President Sukarno, there was already evidence that Java was reaching an econo-ecological limit—increasing migration into the cities, without an expansion of employment opportunities there; more evident rural underemployment; diminishing returns and stagnant overall agricultural production; deteriorating real incomes over widening sectors of the population. All this was aggravated, of course, by worsening economic mismanagement, resource diversion into politico-cultural grandstanding and military adventurism. But the underlying economic stagnation

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\*This article is an excerpt from a longer article, "Economic Growth and Poverty in Southeast Asia," *Pacific Affairs*, vol. 52, no. 1 (Spring, 1979). ©Pacific Affairs, 1979. Reprinted by permission.

<sup>1</sup>Clifford Geertz, *Agricultural Involution: The Processes of Ecological Change in Indonesia* (Berkeley: University of California Press, 1963). See also J. Hickson, "Rural Development and Class Contradictions on Java," *Journal of Contemporary Asia*, V:3 (1975), and Margo L. Lyon, *Bases of Conflict in Rural Java* (Berkeley: Center for South and Southeast Asian Studies, Research Monograph No. 3, University of California, 1970).

<sup>2</sup>This excludes, of course, the plantation sector. See Brian Lynch, *Indonesia: Problems and Prospects* (Malvern, Australia: Sorrett Publishing, 1977); D.H. Penny, "The Economics of Peasant Agriculture: The Indonesian Case," *Bulletin of Indonesian Economic Studies* (October, 1966); and FAO, *Perspective Study of Agricultural Development for Indonesia, 1970-1980* (Rome: UN Food & Agricultural Organization, 1972).

in Java was clearly revealed as it became increasingly difficult to depend upon the resource base of the Outer Islands to sustain the commercial and service sector of the Javanese economy.

President Sukarno, while disparaging economic reasoning, was an avowed socialist with a messianic desire to improve the lot of the common people of Indonesia and to move toward increased social justice and more equitable development.<sup>3</sup> What he lacked was a rational philosophy and a staff of experts that could design the necessary blueprints and carry them out. There is not space to chronicle the positive hopes and shortfalls in achievement that mark the Sukarno era as one of the most fascinating and frustrating of the many such dramas, orchestrated around charismatic leadership in several newly independent less developed countries (LDC's) during the postwar period. General levels of well-being among the poor in Indonesia appear to have been higher during the early years of Sukarno than at any time since (so far as data are available).<sup>4</sup> General living standards undoubtedly fell to a postwar low toward the end of his administration, and the extent of poverty must have been substantially narrowed with President Suharto's bringing Indonesia back into the world of economic reality after 1967. Subsequent developments, however, appear *not* to have narrowed inequalities in income distribution, and the conclusion seems inescapable that the incidence of absolute poverty is again on the increase. Even *average* caloric intake, according to official statistics (circa 1970), fell short of basic requirements by over 18 percent, and for Yogyakarta region in Central Java (generally thought to be Indonesia's poorest region), the estimated average calorie and protein intake fell short of minimum standards by a staggering 42 percent and 61 percent respectively.<sup>5</sup> Although it seems likely that there must be some under-reporting here, as these very low levels would mean widespread starvation, it at least suggests that a very critical degree of absolute poverty is shared by a wide sector of Java's rural population.

In spite of this, it is not surprising that, in the early years of the post-Sukarno era, the concern was more with reinvigorating the pace of economic growth than with equalizing or monitoring distribution. During the transitional "stabilization" phase (1967-1969) and under the Five Year Plan, Repelita I (1969-1973), the priority objective was to "restore normalcy" and

<sup>3</sup>See T.K. Tan, "Sukarnian Economics," and H. Feith, "Politics of Economic Decline," in T.K. Tan (ed.), *Sukarno's Guided Indonesia* (Brisbane, Australia: Jacaranda Press, 1967).

<sup>4</sup>Ingrid Palmer, "Rural Poverty," in ILO, *Poverty and Landlessness*, pp. 219-20. See also H.W. Arndt, "Development and Equality: The Indonesian Case," *World Development* (February-March, 1975), and Rex Mortimer (ed.), *Showcase State: The Illusion of Indonesia's "Accelerated Modernization"* (Sydney, Australia: Angus & Robertson, 1973).

<sup>5</sup>Cited by Palmer, "Rural Poverty," p. 207.

reinstate Indonesia's international credibility. The agenda called for rigorous economic austerity, cutting back on expenditures (especially, perhaps, "social" expenditures), balancing the budget, and reducing the soaring rate of inflation. Economic growth was to be financed by foreign borrowing, bringing back Chinese capital and enterprise which had fled especially after the events of 1965, attracting multinational corporations by ready access to resources (petroleum, timber, minerals), restoring some plantation agriculture, and offering tax incentives and subsidies to industrial ventures of almost any kind. Indonesia rejoined the United Nations, sought help from the World Bank, the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD), submitted to their counseling and financial oversight, and floated bonds and borrowed anywhere she could achieve bankability.

The results were impressive, from an orthodox economic viewpoint. The rate of inflation was brought down from over 600 percent in 1965 to around 15 percent in 1970, exports expanded, savings-investment revived, and GNP growth was restored (from negative rates to around 8 percent by 1973). Official indebtedness rose to something over twice the value of merchandise exports (or 60 percent of GNP) by 1975, with total overseas indebtedness some unknown multiple of this. The quadrupling of oil prices in 1973 provided a magnificent windfall to Indonesia's foreign exchange situation, but if anything this encouraged Pertamina, the remarkably autonomous state oil monopoly, to borrow even more extensively against the future and to undertake ever more grandiose expenditures. (Pertamina eventually went bankrupt in 1975 and has since been substantially reorganized.)

At the core of the Indonesian economic miracle, there was thus a bonanza of revenues received from the export of mostly non-replenishable resources. Many commentators have waxed eloquent over the years about the cornucopia which Indonesia's varied resource endowment might hold in store, and recent efforts have gone far toward realizing this potential. While it would be rash to predict too early an end to the stream of revenues that a systematic tapping of this endowment might entail, various finite forecasts for oil deposits are now being made, and policy has begun to shift toward orderly conservation in place of maximizing the rate of extraction. Oil still accounted for two-thirds of tax revenues and 70 percent of gross foreign exchange earnings in 1976, having kept up with the rapidly rising bill of imports, but oil revenues

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*As this specialist sees it, "Vietnam has replaced France as the colonial power in Indochina."*

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## Laos: Vietnam's Satellite

BY ARTHUR J. DOMMEN

*Author, Conflict in Laos: The Politics of Neutralization*

**T**ODAY, Laos has become a satellite of Vietnam. The links between Hanoi and Vientiane have been solidified by the signing of the Treaty of Friendship and Cooperation of July 18, 1977; the "special relationship" between the two countries ushered in by this treaty marks the completion of a new phase in Hanoi's long-range plans for hegemony in Indochina.

The name Indochina, a French invention, goes back to the days of colonial rivalry in that part of the world in the late nineteenth century. In French eyes, Indochina was the territory in the Far East that enjoyed the blessings of France's civilizing mission, in contrast to the territories administered by Englishmen, Dutchmen and Portuguese. (The French colonies in India—Pondicherry and Chandernaggar—were insignificant.)

After extending their direct rule over Cochinchina and establishing protectorates in Cambodia, Annam, Tonkin and Laos, the French encouraged Vietnamese immigration into Laos to furnish both skilled and unskilled labor there, including the staffing of the French civil service. This was the logical sequel to France's use of Vietnamese militia to drive out the few Siamese outposts on the left bank of the Mekong (on the pretext of Annam's historical claims to Laos) and to force the Siamese court to relinquish claims to suzerainty over Laos. Vietnamese thus came to Laos and, bringing their families, settled there.

The idea of Indochina as a geographical unit was still so strong in 1930, the year of the founding of the Indochinese Communist party (predecessor of the Lao Dong party, or Vietnamese Communist party), that this name was adopted almost automatically by the Vietnamese founders of a party whose avowed aim was the liberation of all of the states of Indochina (which were never actually merged by the French colonialists). Later, these same men found it expedient to allow separate parties of a more "nationalist" character to flourish. Nevertheless, the Vietnamese continued to pull the strings. Thus they initiated the April, 1970, "summit meeting" of Pham Van Dong (for North Vietnam), Nguyen Huu Tho (for the South Vietnam National Liberation Front), Norodom Sihanouk (for the Cambodian government in exile, GRUNK), and Souphanouvong (for the Pathet Lao)

at a critical moment in the war against American "aggression."

What is the situation today?

First of all, Vietnamese troops have exercised a de facto occupation of the entire eastern region of Laos continuously since 1962. Since the Communist victory of 1975 and the establishment of the Lao People's Democratic Republic, Vietnamese troops have been free to operate anywhere on the territory of Laos and, moreover, to use Laos to stage and supply Hanoi's operations in Cambodia and against China.

Second, since 1977 the Vietnamese occupation has received legal sanction in the form of Article II of the Treaty of Friendship and Cooperation.

Third, the puppet government in Vientiane applauds Vietnamese aggression in Cambodia and supports Vietnamese propaganda against China, in tune with Moscow's efforts to isolate the Beijing government in Southeast Asia. Furthermore, this government pretends to a policy of "nonalignment," which, as became evident at the recent Havana summit conference, means joining the anti-Beijing camp.

In Vientiane, the Vietnamese propaganda line that events in Cambodia are an "internal affair" of the three Indochinese countries is faithfully parroted, and Prime Minister and party leader Kaysone Phomvihane claims that the Indochinese Federation "has disappeared of its own and nobody has ever mentioned it again."

In the same interview with Japanese journalists in July, 1979, Kaysone "explained" the presence of Vietnamese troops in his country:

In face of the threat of aggression by big nation expansionist hegemonism and imperialism, on the basis of the said treaty and at the request of the Lao Government, the two governments have agreed to the presence of Vietnamese armed forces in Laos in order to join the Lao people's armed forces in opposing the threat and sabotage against Laos. This is a legitimate measure jointly taken by two sovereign countries aimed at defending the independence, sovereignty, territorial integrity and the economic and cultural construction in each country. This is also normal practice in international relations.

The withdrawal of all foreign troops from Laos was the cornerstone of the 1962 Geneva Agreement neu-



tralizing Laos. Except in a token way, the Hanoi government never complied with this provision; since it had never admitted having its troops in Laos in the first place it could not withdraw them, according to Hanoi's impeccable logic. The former royal government, even when it requested United States aid to defend itself against Vietnam and Vietnam's pawn, the Pathet Lao, never sanctioned the stationing of American troops on its territory as a "normal practice in international relations," much less as a measure aimed against a third country, equally prohibited under the 1962 Geneva Agreement.

The stationing of Vietnamese troops in Laos today is obviously aimed at defending the independence, sovereignty, territorial integrity and economic and cultural construction not of Laos, but of a Greater Vietnam, envisioned by Ho Chi Minh's successors and supported by the Soviet bloc. This Greater Vietnam will make Laos far more a part of Vietnam than the Indochinese Federation Ho envisioned when his preoccupation was the expulsion of the French.

In Cambodia, Vietnam's war machine encountered (and will continue to encounter) armed resistance when Hanoi tried to effect "adjustments" in the two countries' common border (for centuries a source of disputes), to implant Vietnamese colonists, and finally to topple the Phnom Penh government. But no such trouble was encountered in Laos.

#### BORDER TREATY

A border treaty delimiting the common border between Vietnam and Laos was duly signed in 1977. The text has not been published, but presumably it legalizes "adjustments" in Vietnam's favor that the former royal government had been unwilling to concede. There are already reports that Vietnam is colonizing the disputed border areas in Xieng Khouang and Savannakhet provinces. And at least Vietnam has a legal pretext for the presence of some 30,000 Vietnamese soldiers on Laos territory. Moreover, Laos has become, willy-nilly, an ally of Vietnamese aggrandizement and may well be dragged into endless wars—against Cambodia today and perhaps against China and Thailand tomorrow.

We know that Laos did not join the Vietnamese march into Cambodia willingly. President Souphanouvong paid an official visit to Phnom Penh in December, 1977, when Hanoi had already decided to topple Cambodia's Pol Pot government. Even as late as 1978, the Vientiane government was still making efforts to remain neutral in the growing conflict between Vietnam and Cambodia. At the time, Laotian spokesmen denied that Laotian territory was being used by Vietnamese troops preparing for the forthcoming offensive. Even a series of incidents on the border between Laos and Cambodia, apparently caused by Khmer Rouge bloody-mindedness, were

played up by Vientiane only after Laos had been compelled to take sides.

As for China, the Lao have never had any serious grievance against the Beijing government. There has never been any dispute between China and Laos over the location of their border. Even at the height of the United States containment policy against China, Beijing never made any threatening moves against Laos. Nonetheless echoing Hanoi, the Vientiane government accuses China of massing 50,000 troops on her border. The installation of Soviet radar monitoring posts in Vietnamese-controlled Laos has drawn Laos into the cockpit of the Sino-Soviet conflict.

In short, Vietnam has replaced France as the colonial power in Indochina. Thus Vietnam is using Laotian recruits to fight Vietnam's wars in Cambodia and on the China border. Unlike France, however, Vietnam is unostentatious in its overlordship. The Vietnamese embassy in Vientiane is inconspicuous; the administration is supervised in Hanoi, whither Laotian leaders travel regularly and usually unannounced.

In the long run, however, Vietnam may not have her own way in Laos. Laotian resistance to Vietnamese domination has a long history. Even during the long war between the royal government and the Pathet Lao, there were confirmed instances of resistance by the Pathet Lao to Vietnamese control. The puppet government in Vientiane has been compelled more and more to depend on Hanoi to cope with insecurity and an unfavorable economic situation. Furthermore, within the Vientiane government some officials are less disposed than Kaysone to kowtow to Hanoi. Souphanouvong is nobody's fool, and he surely regards Vietnam's version of events in Cambodia as official plasterwork.

China's leaders, moreover, while not burning all their bridges to the Laotian leadership, seem prepared to support the anti-Vietnamese resistance in Laos as a way to bring the Vientiane government to adopt a more neutral posture, perhaps by means of a new Geneva conference. Laotian leaders have already accused Beijing of arming the Meo and other tribes who held out against the Vietnamese for a decade (and against whom the Vietnamese have not hesitated to use poison gases), and of plotting subversion with the almost 300,000 refugees who have fled Laos since 1975. Vietnam may find China a serious obstacle to her schemes for aggrandizement. China can bleed Vietnam in both Laos and Cambodia, and since Vietnam's war machine depends on Soviet and East

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Arthur J. Dommen, a writer on Laos, has lived in Indochina for many years. He is the author of *Conflict in Laos: The Politics of Neutralization* (N.Y.: Praeger, 1964, rev. ed. 1971).

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*"Rightly, Malaysia has decided that foreign policy only provides a cosmetic touch to a sound and stable body politic, and that an economically resilient and socially healthy country provides the best guarantee against internal subversion and external aggression."*

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# Malaysia in Search of Affluence and Tolerance

BY HANS INDORF

*Legislative Staff Director, Office of U.S. Senator Robert Morgan*

**I**n August 31, 1979, Malaysia celebrated the twenty-second anniversary of her independence. The country looks back on a remarkable history of steady economic progress and success in combating the perennial challenges of internal communal dissension. While her location and her wealth in raw materials and primary commodities contributed most to Malaysia's well-being, credit must also be given to the diligent and conscientious effort made by the people and their officials to ensure the success of this experiment in nation-building. And an experiment it is.

Malaysia is an artificial creation, the product of British colonial experience, immigration policies and an inclination for structural tidiness and common sense. Diverse racial groups and government systems suddenly realized that they had to create unity where there was diversity, and uniformity out of a variety of customary and habitual characteristics. Independence in 1957 was a peaceful transfer of power, the beginning of a process of nation-building rather than the revolutionary climax of a nationalist struggle. The absence of a militant, emotive fervor at the country's inception and the artificiality of nationhood have kept Malaysia in a mood of ambivalence toward her own people and toward her neighbors. This ambivalence—a sovereign state that is still discomfited about its historical origin, a multiracial Malaysian nation that is anxious to preserve Malay privileges—still prevails.

When Prime Minister Datuk Hussein Onn addressed the nation on the eve of National Day in August, 1979, he formulated his country's dilemma in

<sup>1</sup>*The Business Times* (Malaysia), August 31, 1979, p. 1. Datuk Hussein also added: "Our country will be thrown into turmoil . . . if through . . . chauvinism, intolerance and greed, we once again put our sectoral and communal interests before national interests."

<sup>2</sup>An excellent and more detailed analysis is given in Ismail Kassim, *The Politics of Accommodation: An Analysis of the 1978 Malaysia General Election* (Singapore: Institute of Southeast Asian Studies, 1978), p. 4ff and p. 110.

<sup>3</sup>In a speech to UMNO division delegates, May 6, cited in the *Malaysian Bulletin*, no. 17 (May, 1979), p. 5. These areas are still primarily Chinese.

<sup>4</sup>*Far Eastern Economic Review (FEER)*, July 20, 1979, p. 12. A more revealing interview with Datuk Hussein appeared in *ibid.*, Jan. 26, 1979, pp. 18-23.

rhetoical questions: "Has affluence made us complacent? Has suspicion made us unreasonable? Has power made us intolerant?"<sup>1</sup> An examination of recent events in Malaysia may help to answer these queries.

Malaysian political affairs cannot be discussed without reference to communalism. Political parties are openly or covertly organized along racial lines. The government is composed of the *Barisan Nasional* (National Front, N.F.), a coalition of 10 parties providing the executive with a multiracial appearance of moderate-conservative demeanor on the ideological scale. Opposition is relegated to the more extremist fringes with primarily Chinese overtones.

It is a fact of life in Malaysia that the Malay community is the center of political power. Malays constitute 53.5 percent of the peninsular population and 48.5 percent of the entire country. Historical privileges and constitutional guarantees, combined with favorably weighted constituency arrangements, insure for the Malays in West Malaysia a majority representation in 79 out of 114 federal electoral districts and 238 out of 312 state constituencies.<sup>2</sup> Consequently, non-Malays must accept UMNO leaders as their leaders. In order to remain the chief political influence, Finance Minister Tengku Razaleigh Hamzah has suggested that Malays seek a broader geographic distribution, presumably in urban areas and the State of Penang.<sup>3</sup>

When UMNO members gather (as they did in July, 1979, for their thirtieth annual assembly) competition among leaders becomes virulent. Although the next party elections will not be held until 1981, only slightly disguised attacks were made against the deputy president (and Deputy Prime Minister), Mahathir bin Mohamed, who admitted that "a struggle for the throne occurs virtually all the time."<sup>4</sup> While vice president of UMNO Datuk Musa Hitam (also Minister of Education) has taken himself out of the race for deputy president, his colleague Tengku Razaleigh appears eager for a challenge. Victory within UMNO would place him next in line for the premiership; the impact of defeat would be multiplied because of the indirect challenge to the Prime Minister himself.

Leadership problems were equally evident in the

Malaysian Chinese Association (MCA), the second largest component of the N.F. Its president, Datuk Lee San Choon, performed dismally during the 1978 parliamentary elections, when his party won only 17 seats, 2 less than in 1974, and 11 less than were allocated to it by the N.F. Ever since then, Datuk Lee has kept a low profile. He was ignominiously transferred to a less important Cabinet portfolio (Public Works), and his choice for deputy president of the MCA was rejected by party members in 1978.

Still, it came as a surprise when Datuk Lee was challenged by deputy president Michael Chen for the presidential nomination in September, 1979, the first such contest for over 30 years. The clash of personalities and philosophies and the leadership struggle threatened to split the MCA with deep national repercussions. Michael Chen obviously received some UMNO encouragement, and even the GERAKAN, a Chinese-based N.F. party, optimistically intimated merger discussions.<sup>5</sup> Yet Datuk Lee won 56.8 percent—the final delegate vote; Chen resigned as Minister for Housing and Local Government, and the MCA once again began to consolidate a badly fragmented membership. The Chinese remain the most fickle electorate in Malaysia.

Annual party gatherings appear to be doomsday parades for their senior elected officials. When the Malaysian Indian Congress (MIC) met in July, it became a pulpit for questioning the leadership of party president V. Manickavasagam\*, whose two brothers were unseated from their vice presidential positions in the process. Similarly, the tone of the September meeting of Partai Islam (PAS) was dictated by the party's electoral decline. Only 5 of its members were returned to the Lower House in 1978, compared to 14 in 1974. By losing his own seat in Parliament, PAS president Datuk Asri Muda also lost much of his prestige, but he managed to survive in the party hierarchy. The Democratic Action party's (DAP) future is still affected by the criminal indictments against its secretary general, Lim Kit Siang. Although the appeals procedure is taking its course, few outsiders give him even odds for overcoming his

legal obstacles which may eventually force him to forfeit his political activity.

A leadership crisis was also apparent in Sarawak, where the state assembly's term came to an end. The Chief Minister, Rahman Yaakub, had been a controversial figure for some time, and his Malay party Pesaka Bumiputra Bersatu (PPBB) was plagued by internal dissent and criticism from Kuala Lumpur. There was some anxiety that the state's governing National Front coalition, consisting of the PPBB, the Sarawak United Peoples party (SUPP) and the Sarawak National party (SNAP), would not be able to capture a majority of the 48 Council seats.

Prime Minister Hussein Onn and other national leaders campaigned for the local ticket; the Supreme Council of the N.F. ruled out "membership poaching" among component parties, and individuals were forewarned of loss of membership if they opposed N.F. candidates. Three opposition parties fielded 33 candidates, and Independents fielded 54. When the votes were counted in late September, 1979, the N.F. had won a landslide victory with 45 seats, leaving the remaining 3 seats to Independents.<sup>6</sup> Rahman Yaakub's personality and policies will, however, be contentious to his elders in Kuala Lumpur.

Free political competition is of necessity curtailed by the government's interpretation of "internal security." A number of political leaders have been imprisoned for years under the provisions of the Internal Security Act and subsequent ordinances. In January, 1979, the Privy Council held that the Essential Regulations of 1975 were ultra vires the constitution and therefore void. As a result, Parliament passed the Emergency (Essential Powers) Act of 1979, which had retrospective effect and validated all subsidiary legislation enacted on the basis of the 1975 regulations. The ex post facto nature of this law was challenged in Malaysia's Federal Court, which ruled on August 21, 1979, that "Parliament has the power to make constitutional amendments which are inconsistent with the Constitution. . . . It may amend the Constitution in any way it thinks fit provided it complies with the conditions prescribed."<sup>7</sup>

## A RESURGENCE OF ISLAMIC FUNDAMENTALISM

In a country where Malay is synonymous with Muslim, the law does not yet accord the same statutory privileges to converts. Islam is the official religion of Malaysia but not the "state" religion. Nevertheless, more than 50 percent of the population professes the Islamic faith, and life in Malaysia is permeated with Muslim custom requiring adaptation by non-Malays. Five compulsory prayers break the daily routine; thousands undertake a yearly government-subsidized pilgrimage to Mecca; annual international Koran reading competitions become major national events; the Red Cross has been renamed the Malaysian Red

\*The party president died of a heart attack October 12; this will not only bring a new leadership but also more militant insistence on government recognition of Indian grievances.

<sup>5</sup>Detailed accounts of the affair can be found in the *New Straits Times*, August 31, 1979, p. 1, *Business Times*, September 3, 1979, p. 6, *FEER*, September 21, 1979, pp. 14-15, and September 28, 1979, p. 26, as well as *Foreign Broadcast Information Service (FBIS)*, Sept. 20, 1979, p. 04.

<sup>6</sup>The election process began in late August with one week for nominations, two weeks for campaigning, and another two weeks for voting and counting. See *New Straits Times*, August 30, 1979, pp. 1, 10.

<sup>7</sup>*The Malaysian Bulletin*, February, 1979, p. 2-3; August, 1979, p. 14.



Crescent; and the Ramadan fasting month has tended to diminish productivity.<sup>8</sup>

In fact, Islamic practices were pervasive but not militant in Malaysia until very recently. When Prime Minister Tunku Abdul Rahman retired in 1970, he immersed himself in Islamic affairs, becoming secretary general of the Muslim Secretariat for the Conference of Foreign Ministers. Four years later, he was instrumental in establishing the Islamic Development Bank, so far a less than successful enterprise. With substantial help from Sabah's Tun Mustapha, he reinvigorated the Muslim Missionary Association of Malaysia (PERKIM), assisting drug addicts and Muslim refugees, building a large office complex in Kuala Lumpur and creating Muslim cooperatives. By April, 1979, PERKIM claimed 160,000 converts "through moderation." Some of these efforts may be undone through emergent extremism; about 20,000 of these converts have reverted to their original religions in recent years.

In the recent past, there has been a spate of Hindu temple desecrations by Muslim "crusaders." Several state governments are attempting to pass laws against Muslims drinking or serving alcoholic beverages or engaging in sexual relations without being married—laws that would inevitably affect non-Malays. The half-purdah (leaving only the face uncovered) can now be seen more often on university campuses and in the streets of Malaysia. Some groups, like the Darul Arqam, wear only the Muslim green, while the Tabligh India prefer to wear only white. Many Muslim parents deny their children access to the government's educational facilities "by concentrating on the affairs of the next world." Datuk Hussein Onn characterized these attitudes as counterproductive aspects of Islam which, if widespread, could have far-reaching implications.

Never slow to seize an opportunity, various factions of the Malaysian Communist party (MCP) tried to take advantage of Muslim restiveness but misread the signs. Outlawed since 1948, the MCP under Chin Peng had to resort to various subversive tactics to remain in the public eye. Today, many infiltration routes traverse the country southward from the Thai border, with recruitment efforts focusing on high school students in the state of Johore. On the occasion of National Day in 1979 a clandestine radio broadcast carried Communist propaganda from the Malayan

Islamic Brotherhood party.<sup>9</sup> Freely interspersed with verses from the Koran, it appealed to farmers, rice growers and small holders to "reject Hussein Onn's reactionary regime." But the Islamic revival is moving in a different direction.

The most visible and formidable symbol of Islamic radicalism in Malaysia today is the Muslim Youth Movement (ABIM). It originated with the National Union of Malaysian Muslim Students in 1972; but it is not openly proselytizing students because of the limitations on campus activities imposed by the University Act of 1977. ABIM's leader is Anwar Ibrahim, a charismatic intellectual whose credentials include two prison terms under the Internal Security Act "for fomenting student demonstrations." The organization is rapidly increasing and has so far attracted 35,000 members.

ABIM characterizes itself as progressive and carries a political message based on Islamic precepts. It criticizes prevalent corruption, misuse of political power, labor exploitation and detention without trial in Malaysia as "repugnant to the spirit of Islamic justice." Anwar stresses the fact that ABIM is not against modernization but only against its excesses. ABIM has refused foreign assistance because "we don't need the funds yet." In other words, funds will be accepted later.

No doubt, Ayatollah Khomeini's Iran has had its impact on these developments, although the Malaysian government does not officially admit to any concern. ABIM is curtailed in its access to publicly licensed media, and possible political affiliations with the theocentric PAS are carefully monitored. The inherent threat is not a stronger manifestation of Islamic faith, but ABIM's potential for undermining Malay unity and for encouraging a hostile reaction from the other half of Malaysia's population.

### SOME IMPEDIMENTS TO SUSTAINED ECONOMIC GROWTH

Few will argue that Malaysia's economy is a liability to development. On the contrary, every successive annual report released by the government points to a drastic increase in trade, a steady rise in per capita income and significant balance-of-payment surpluses that add to substantial gold and foreign exchange reserves. The real GNP is expected to rise by eight percent in 1979, and domestic inflation is not to exceed six percent. But because Malaysia is heavily dependent upon the export of rubber, tin, palm oil, hardwood and crude oil, it will not only benefit from higher demands and values but will also be negatively affected by the imported weaknesses of the international economic system.

But despite its reputation as an economic showcase,<sup>10</sup> the country will have to accommodate domestic

<sup>8</sup>The Tunku describes his activities in *Viewpoints* (Kuala Lumpur: Heinemann Education Books, Ltd., 1978), pp. 151-160, pp. 188-191. Subsequent data in this section is drawn from *The Malaysian Bulletin*, April, 1979, p. 13, *FEER*, August 31, 1979, pp. 47-48, *Asiaweek*, August 14, 1979, pp. 21-31.

<sup>9</sup>*FBIS*, August 30, 1979, pp. 0 1-0 4.

<sup>10</sup>An objective but critical assessment is given in *Malaysian Business*, September, 1979, pp. 33-39, and *FEER*, August 31, 1979, pp. 61-65.

grievances to assuage the local entrepreneur as well as the foreign investor. The Chinese must be mollified over the presumed discriminatory effects of the Industrial Coordination Act. The private sector needs reassurance that the government is committed to creating wealth, not merely to redistributing it. The use of an excess profits tax on commodity exports could reduce the incentive for production, particularly in tin mining. Equity capital ownership by Malays may not reach the 30 percent objective by 1990 at the present rate of progress.

During 1979, management inadequacies not only caught national attention but also raised doubts about efficiency in development planning. Malaysia has a current unemployment rate of 6.2 percent. However, the Public Service Department (PSD) announced recently that there were 42,000 vacancies in government service, 10 percent of the positions in the public sector.<sup>11</sup> Apparently, under the current recruiting system, 13 retired officials of the PSD interview every applicant, and there are at least five applicants for every advertised position. In the meantime, recruitment has been decentralized to the departmental level, and computers will be installed over the next two years. Inevitably, the system needs improvement, but meanwhile, nepotism and political favoritism prevail.

Investigations are now being made into corrupt practices in the Rubber Industry Smallholders Development Authority (RISDA). With its vast bureaucratic infrastructure of 4,000 employees and millions of dollars in operating funds, graft has become an easy by-product.

The incidence of poverty in Peninsular Malaysia has declined to 36.6 percent but still prevails, predominantly among rubber smallholders, padi farmers, tenant farmers and estate workers. The mean monthly income for these categories was \$46.60, involving primarily Malays. Low productivity is caused mainly by insufficient drainage or irrigation, fertilizers and insecticides. The per capita real gross national income for 1978 (based on 1970 purchasing power) was \$763, and has shown an annual growth

rate of eight percent. This is in line with the objectives of the New Economic Policy (1971-1980), and particularly the accomplishments of the Third Malaysia Plan (1976-1980) which are directed toward the eradication of poverty and the equalization of income levels. What progress has been made?

Structurally, and by ethnic composition, income distribution still leaves much to be desired. The mean monthly income (in 1976 prices) for Malay households was \$166, for Indians \$256, and for the Chinese \$414. The difference between urban and rural was \$435 and \$194, respectively. In 1978, unemployment was greatest among Indians, with 8.1 percent, and lowest among Eurasians, with 5.8 percent.<sup>12</sup>

Income disparity could also be seen in the communal distribution of jobs. In West Malaysia, 66.1 percent of the agricultural workforce consisted of Malays. Most labor (49.9 percent) in mining, construction and manufacturing was Chinese. Manpower was almost equally divided between Malays and Chinese in trade, banking and public service employment. The trend, however, is in favor of Malays in higher paid administrative and managerial jobs.

Development cannot really be successful without a generous supply of foreign capital. By the end of 1980, Malaysia hopes to attract \$1.4 billion in private foreign investment for the manufacturing sector. In order to make a profit, equity participation by Malaysians is required.<sup>13</sup> But there may be other impediments, like the Industrial Coordination Act (ICA), which became operative in 1976. It sought to "avoid unhealthy competition" by controlling the establishment of manufacturing industries. Parliament provided some technical amendments in 1979, but overall there was still a detrimental impact on investor confidence.

The United States Government Accounting Office released a report in September, 1979, which added another critical dimension to foreign assistance: inadequate long-term financial management that does not permit optimum use of foreign resources. For Malaysia, correcting this may not only mean additional staff training but also fundamental decisions concerning the philosophical direction of economic development. Competitive pressures at the international level and some domestic impatience with the rate of growth in some sectors have stimulated a discussion of the inherent advantages of a centrally planned economy. It is hoped that responsible officials

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<sup>11</sup>FEER, September 7, 1979, pp. 18-20, August 24, 1979, pp. 14-15, *Economist* (London), September 22, 1979, p. 90, reports that the Trengganu port of Kuantan, completed in 1977, is still not usable because "part of the breakwater was swept away... quay walls began to tilt... cracks appeared on berths."

<sup>12</sup>Federation of Malaysia, *Mid-Term Review of the Third Malaysia Plan* (Kuala Lumpur: Government Printer, 1979), ch. 2 and ch. 4.

<sup>13</sup>Deputy Prime Minister Mahathir is also in charge of trade and industry. In a recent speech, he defined the conditions for investment. See United Malay Banking Corporation, *Economic Review*, vol. 15, no. 1 (1979), pp. 2-8; also U.S.G.A.O., *Training and Related Efforts Needed to Improve Financial Management in the Third World* (Washington, D.C.: September 20, 1979).

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*"Despite the ruling PAP's professions of socialism, Singapore's economy is a curious amalgam of corporate and state capitalism which has provided amenities for much of the population," notes this specialist, who points out that prosperity has brought new challenges to Singapore's skilled and capable leadership.*

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## Singapore: Prosperity in a Global City

BY K. MULLINER

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SINGAPORE is a manager's dream. With almost 2.4 million people packed into 224 square miles and a centrally planned economy growing at over 8 percent per year, its accomplishments overshadow its problems, which include the challenges of affluence.

Singapore's government of honest and capable politicians and technocrats is well prepared to respond to the challenge. Heading what has been described as "the most governed of democratic states"<sup>1</sup> are Prime Minister Lee Kwan Yew and Cabinet members who have governed Singapore for 20 years. Under their direction, the island nation has forsaken its past dependency on entrepot trade and a British military presence and has emerged as one of the few third world countries to develop successfully with a per capita income second only to Japan in Asia.

Electoral politics in Singapore are virtually meaningless; the ruling People's Action party (PAP) has not faced a serious threat at the ballot box since it captured 37 of 51 seats in the 1963 election (a test of its first four years in office and its support of merger with Malaysia). In the last general election in December, 1976, the PAP won all of the parliamentary seats, just as it had in the 1968 and 1972 general elections.

In February, 1979, the party captured seven out of seven seats with 71 percent of the total vote in a by-election. Top vote getter was the former leader and adviser to the National Trade Union Conference, Devan Nair, who won almost 84 percent of the vote. In the closest race, the PAP candidate still won over 60 percent of the vote.<sup>2</sup> Although the party's victory margins declined in some constituencies, it is doubtful that these reflect any serious voter disaffection; no serious electoral challenges are expected.

Such overwhelming victories would attest to rigged elections in many nations, but in Singapore elections

are generally fair in the technical sense, and the results reflect a satisfied or at least a complacent electorate. Nonetheless there are additional factors. Just a month before the by-election, the Singapore High Court awarded \$60,000 in damages for slander to Prime Minister Lee Kwan Yew because of charges of nepotism and corruption made against him in the 1976 election by the secretary-general of the opposition Workers' party.<sup>3</sup> This was the fifth slander suit stemming from that election that he had won. Both the victory and amount served to caution opposing parties in the by-election.

Even less subtle is the government's use of detention under the Internal Security Act. In the past, this has been used against major political opponents, like the leaders of the Barisan Socialis (Socialist Front), journalists, and others regarded as Communist or at least not having the best interests of Singapore (as defined by the government) at heart. Individuals detained under the act are often released only after televised confessions and statements of contrition. Between 1977 and June, 1979, when nine former members of the University of Singapore Chinese Society were arrested, there was a welcome hiatus in the application of the act.<sup>4</sup> 1976 and 1977 had featured a number of arrests and charges that "Eurocommunists" led by the late Malcolm Caldwell, who was tragically murdered in Kampuchea in December, 1978) were plotting against the government.<sup>5</sup> In addition to their proximity to the election, these arrests were linked to the earlier withdrawal of the PAP from the Socialist International after the Singapore government was charged with human rights violations.

Since it came to power in 1959 with the achievement of self-rule, the PAP has reflected the personalities of Lee Kwan Yew, who at 56 witnessed the twenty-fifth anniversary of his founding of the party in 1979, and a number of English-educated associates including Deputy Prime Minister Goh Keng Swee (61), Minister for Health Dr. Toh Chin Chye (58) and, Minister for Foreign Affairs S. Rajaratnam, the old man at 64 after 20 years in the Cabinet. Originally the party was a coalition of moderates and Communists, proclaiming itself socialist and anti-colonial-

<sup>1</sup>"The Ascetic Lee Kwan Yew: An Interview with the Prime Minister of Singapore," *Euromoney*, July, 1978, p. 18.

<sup>2</sup>*The Straits Times*, February 11, 1979, p. 1.

<sup>3</sup>*The Straits Times*, January 10, 1979, pp. 1 & 32.

<sup>4</sup>Susumu Awanohara, "A Sudden Chill Delays Spring," *Far Eastern Economic Review (FEER)*, July 6, 1979, p. 26.

<sup>5</sup>*FEER*, March 4, 1977, p. 10. Cf. *The New York Times*, April 9, 1977, pp. 1 & 4.



ist. After the party assumed power, Communists and other leftists were purged or left the party to form the Barisan Socialis. The remaining skeleton of a party<sup>6</sup> was largely isolated from the mass of Chinese voters, but its parliamentary majority was still intact. Forced to rely on the major resource at its command—the government and, later, the people's associations for grassroots mobilization<sup>7</sup>—the party regained control of the labor unions and forged the coalition that has maintained its power.

The degree to which the PAP has made itself synonymous with national growth and the public acceptance of its authoritarian, managerial methods leave little room for questions of political stability.<sup>8</sup> With the existing leadership expected to remain in power into the 1990's, even the question of successors arouses little interest.<sup>9</sup> Employing a cadre system within the party and a promotion and testing system for young Cabinet members, the party is actively grooming heirs, but none has emerged as the front runner.

#### FOREIGN AFFAIRS AND DEFENSE

Just as the Singapore government is apt to see criticism as a serious Communist challenge, its voice in international affairs is often strident, particularly against Vietnam. Even before the invasion of Cambodia, Rajaratnam shocked some other anti-Communist members of the Association of Southeast Asian Nations (ASEAN) when, in the course of ASEAN-United States consultations in the fall of 1978, he called for a firm United States commitment. ASEAN's international posture at that time was closer to Malaysia's proposed creation of a zone of peace and neutrality in the ASEAN region.

Since that time, the other ASEAN members have moved closer to Singapore's position, especially as the ASEAN nations have received overwhelming numbers of refugees and as Vietnamese troops have moved closer to the Thai border with Cambodia.<sup>10</sup> While Singapore remains the most outspoken critic of Viet-

nam, ASEAN's unity will lead Singapore to rely on the organization in formulating her regional policies.

Singapore has escaped the smear that the refugees have given other ASEAN members. With a domestic press that has been tamed through detentions and newspaper closings, she has acted on the high seas to divert refugees from her shores, where her activities are not subject to the scrutiny of the international press and television crews. Many boats that have landed on the west coast of Malaysia or in Indonesia and Australia were earlier turned or towed away from Singapore. The Prime Minister has explained that if even one boat were allowed to remain, it would be followed by 1,000 (but he has permitted the processing of some refugees guaranteed homes elsewhere).<sup>11</sup> One type of refugee is welcome: anyone of good character willing to invest substantial amounts of money in various development projects is eligible for residency and citizenship.

With its Chinese majority, Singapore has carefully avoided the appearance of being a third China. Singapore and Indonesia are the only ASEAN members who do not officially recognize the People's Republic of China. Singapore's reluctance is attributable to her proximity to Indonesia and her unwillingness to offend her larger neighbor, the trade with whom is unreported. Officially, Japan, Malaysia and the United States—in that order—are Singapore's largest trading partners, but Indonesian trade is undoubtedly substantial. ASEAN is diplomatically, and perhaps militarily, important to Singapore; and the lassitude with which the organization has pursued the economic cooperation for which it was established can only please Singapore. With a highly developed industrial base and economic infrastructure, Singapore supports tariff reductions that will open larger markets for her products, but she is far less interested in plans that would spread the manufacture of components for cars and television sets among the member nations.<sup>12</sup>

Singapore seeks a stronger commitment to the region from the United States partly because of her small size and her dense population, which contribute to her vulnerability, and partly because of her strategic location on the world's shipping routes. (This factor led the British to make Singapore a bulwark of their empire in the East.) Although Singapore initiated independent military development 15 years ago while she was still part of Malaysia, the withdrawal of the last British forces in 1976 led Singapore to seek a sophisticated military force with a special urgency. All male Singaporeans undergo compulsory military training for two and a half years starting at age 18 and all males have a reserve obligation to age 40.

Since her establishment as a British stronghold in 1819, trade has dominated Singapore's history. Thus, current predictions for a downswing in the world's

<sup>6</sup>Pang Cheng Lian estimated that only 20 percent of the party members remained in 1962, in his *Singapore's People's Action Party: Its History, Organization and Leadership* (Singapore: Oxford University Press, 1971), p. 14.

<sup>7</sup>Thomas J. Bellows, *The People's Action Party of Singapore: Emergence of a Dominant Party System* (New Haven: Yale University Southeast Asian Studies, Monograph 14, 1970), p. 46; and Chan Heng Chee, *The Dynamics of One Party Dominance: The PAP at the Grass-roots* (Singapore: Singapore University Press, 1976).

<sup>8</sup>Although domino theorist Lee Kwan Yew continues to worry that the fall of Thailand will bring down Malaysia and then Singapore.

<sup>9</sup>But this hasn't stopped journalistic conjecture. See "The Search for Leaders," *Asiaweek*, March 23, 1979, pp. 22-25; and *FEER*, August 10, 1979, pp. 35-39.

<sup>10</sup>*FEER*, August 10, 1979, pp. 47-49.

<sup>11</sup>*The Straits Times*, June 13, 1979, p. 1.

<sup>12</sup>*FEER*, August 10, 1979, pp. 49-51.

economy are of particular concern to her leaders. Yet despite warnings from government officials in early 1979, Singapore's growth continues to outpace her strong 1978 performance. Through the first six months of 1979, her gross domestic product grew at a rate of 9.7 percent, compared to 7.6 percent in the same period of 1978, while the consumer price index rose only 2.5 percent in 1979 compared with 5.3 percent in January-June 1978. And much of the growth was centered in the manufacturing sector, which almost doubled its rate of growth from last year to 17.3 percent.<sup>13</sup>

While most governments would be gratified at such a record, Singapore's leaders worry. With only 3.6 percent unemployment, Singapore is increasingly dependent on imported or guest labor to support the growth of the economy and to perform menial tasks. The government's response has been to discourage labor-intensive industry by raising wages seven percent and increasing employer contributions to the Central Provident Fund.

These policies, determined by the National Wage Council—a tripartite body of employers, unions, and the public that establishes national wage and related guidelines for labor negotiations—are expected to increase wage costs 20 percent and to encourage greater capital intensification by employers. If these policies are continued three or four years as projected, the increased wages will offset the decreased labor demand (and hence the need for imported labor) enough to maintain an eight percent growth rate in the gross domestic product.<sup>14</sup>

The Central Provident Fund (CPF), a prime beneficiary of the wage policy, was originally established to provide pension security for workers, while making the funds available for development. This objective was enlarged to permit withdrawals by those still working to finance the purchase of public Housing Development Board apartments and, recently, the higher quality and more desirably located (and more expensive) apartments of the Housing and Urban Development Company, another government body. This policy has meant that a substantial portion of the population owns a stake in the nation's future. Purchase applications outnumber rental requests for public housing by four to one. But the withdrawals raise the problem of providing for retirement needs if an individual has borrowed the CPF entitlements for housing. The support for public housing also cuts into the demand for privately constructed housing, affect-

ing especially the private contracting industry.

Singapore's other major concern is that her economic success means that the International Monetary Fund will no longer recognize her as a "developing nation." This designation is important, because it gives access to soft loans from the World Bank to continue her economic growth and to the Generalized System of Preferences to enhance the marketability and competitiveness of her manufactured goods. The nation's plethora of skilled economists and technocrats have risen to the challenge. Since eligibility is based on per capita gross domestic product and gross national product, Singapore argued that since about 20 percent of per capita GDP accrued to foreigners and foreign companies, per capita GDP and GNP should not be included in World Bank calculations. The IMF accepted the argument and with it the concept of an indigenous gross national product.<sup>16</sup>

Despite the ruling PAP's professions of socialism, Singapore's economy is a curious amalgam of corporate and state capitalism which has provided amenities for much of the population. That all the people have not shared in the prosperity is reportedly all too clear in the current film, *Saint Jack*, which focuses on Singapore's slums to the exclusion of her more impressive accomplishments.<sup>17</sup>

Since the mid-nineteenth century, Singapore has been a Chinese city surrounded by Malay neighbors. Her current population is 76 percent Chinese, 15 percent Malay, and 7 percent Indian. This racial mix and Singapore's industrialization have made questions of language and education of primary importance. The government is committed to a multilingual society in which each group will retain its mother tongue and all will share English as a common language. But with English as the language of international business and trade, enrollments in vernacular schools have fallen drastically since 1959. Only 11 percent of the Chinese and a few Malays now attend non-English schools. Even Nanyang University, created to provide a university education for Chinese speakers, has since July begun to share courses and syllabi—in English—with the larger University of Singapore.

In support of the multilingual (bilingual for individuals) policy, vernacular languages and Mandarin

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<sup>13</sup>Susumu Awanohara, "New Note to an Old Warning," *FEER*, August 24, 1979, pp. 43-45.

<sup>14</sup>*FEER*, August 10, 1979, pp. 40-44.

<sup>15</sup>*FEER*, August 11, 1978, pp. 59-62.

<sup>16</sup>"Indigenous GNP—A New Conception of Singapore's Gross National Product," *ASEAN Business Quarterly*, 3d quarter, 1978, pp. 49-54.

<sup>17</sup>*Asiaweek*, September 7, 1979, p. 10.

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*In Thailand "continued failure to incorporate major segments of the polity in the political process may well lead to increasing polarization, given the existence of a more broadly based militant opposition, the lingering politicization among farmers, students and laborers, and the demonstrated strength of Vietnamese-led communism in the region."*

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## Thailand: Politics as Usual

BY ASTRI SUHRKE

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THE first task of the Thai junta that ousted the Thanin Kraivichien government in October, 1977—a government that the junta members themselves had installed—was to clarify the division of power among the military leaders and their supporters.\* It soon became evident that General Kriangsak Chamanan, Supreme Commander of the Armed Forces (until his mandatory military retirement in September, 1978) was a central player in military clique politics. Two years later, he was still unchallenged as broker among the main military factions and was seemingly secure as Prime Minister.

Kriangsak's success as a power broker in the military was facilitated to some extent by the death of Krit Siwara, the once powerful army general. His death in 1976 left the army divided and without a strong central leader. The dominant pre-1973 leadership of General Praphat Charusathien and Field Marshal Thanom Kittikachorn (severely discredited in 1973 in the manner of an *ancien regime* but a political force to be reckoned with) was compelled to move discreetly. Kriangsak also benefited from the fact that Sangaad Chaloryu, the formal leader of the 1976 and 1977 coups, was an admiral and that the navy had always been the weakest of the three service branches. This reduced Sangaad's potential as a serious rival to Kriangsak, although Kriangsak had to engage in complex political-constitutional maneuvering to seal Sangaad's political career.

Kriangsak's skillful command of clique politics clearly contributed to his rise to power. Basically, he followed a strategy of balancing contending cliques through annual military appointments; he also brought an unusually large number of military persons into the government.

The Thanom-Praphat factions were accommodated by the appointment of retired General Yot Thepsadin, first as Deputy Defense Minister and later as Minister without portfolio attached to the Prime Minister's office. His in-law, Lieutenant General Thep Kranlert, was made commander of the First Army, which is normally stationed in Bangkok and is a key element in

coup politics. The power accruing to Yot and Thep also served to counterbalance the power of other cliques, who denigrated the Thanom-Praphat factions for acting as politicians-cum-businessmen rather than as soldiers, while viewing themselves as more professionally oriented soldier-politicians, more intellectual and somewhat more tolerant of democratic processes. Among the latter, General Serm Na Nakorn was considered a possible rival of Kriangsak's by virtue of his position as Army Commander in Chief (until September, 1978), and because his protégé, General Amnad Damrikan, was First Army commander until he was replaced by Thep. In the 1978 military appointments, Kriangsak diffused the control of the army by making Serm Supreme Commander of the Armed Forces and by appointing another and reputedly powerful general—Prem Tinsulanon—as Army Commander in Chief, while the First Army command went to a general of a competing faction. Serm, who reportedly wished to retain command of the army, was also given a Deputy Prime Minister position; to offset that, Prem was made Defense Minister.

### STRATEGY OF DIFFUSION

Kriangsak's strength has also been attributed to his acceptability to younger officers with political ambitions, and his ties with the younger officers were further strengthened in 1979. Some so-called young Turks were appointed to the Senate in May, 1979 (Prachak Swangchit, Manun Rupkhachon, Chamlong Srimuang); one of them, Chamlong, was attached to the Prime Minister's office; and in the appointment of governor of Bangkok in July, 1979, Kriangsak chose a candidate favored by the young officers even though he was strongly opposed by senior military figures in the Cabinet, like Prem and Interior Minister General Lek Naeomali.

The strategy of diffusing power in the armed forces was paralleled in other areas. His second Cabinet (after the 1979 elections) was the largest in Thai history, and almost half the 44 members came from the armed forces and the police. The May, 1979, appointments to the Senate of the National Assembly

\*The assistance of Suntorn Siyarnnork in the preparation of this article is gratefully acknowledged.



were also dominated by military names: 191 of the 225 Senators were members of the armed forces or the police.

Politics rather than policy appeared to characterize this maneuvering: the contest for political power was the central issue. As such, it was politics as usual in the context of Thai military rule. Although there was a difference in style, its significance is debatable. Kriangsak's preference for diffusing and balancing power contrasted with the emphasis of Thanom and Praphat on centralizing and limiting power to their own factions. This difference may reflect the emergence of military factions based on systematic quasi-policy differences which, if fully developed, would alter old patterns and have an impact on policy. Kriangsak himself is considered by some observers as one of the new soldier-politicians and this identification is further accentuated by his accommodation of younger officers who project an image of being "modernizing," nationalist soldier-politicians.

On the other hand, the appearance of policy-based factions can easily be exaggerated, especially with reference to the young Turks in the officer corps. Admittedly, some young Turks have projected a modernizing image; they have stressed the need for a development strategy that benefits the poor, especially the farmers, and have advocated unspecified structural changes in the political system and a vigorous, independent foreign policy.<sup>1</sup> But this is familiar and safe rhetoric in the post-Thanin period and has yet to be matched by a more specific policy-oriented stance. Indeed, in a recent analysis of some prominent officers referred to as young officers, observers noted only one policy issue—a charge that Kriangsak's response to the Vietnamese presence in Kampuchea along the Thai border was too timid and slow. In all other respects, the young officers were identified with regard to the contest for the spoils of power—that is, politics rather than policy.<sup>2</sup> Consequently, it would be premature or misleading to note a policy-based modernizing faction of young Turks (recalling a tendency of the 1950's and 1960's to look for signs of an emerging middle class as a stabilizing factor in many third world countries).

Nor does Kriangsak's record so far substantiate the notion that new soldier politicians with new domestic

policy priorities are in the ascendancy. The Thai press noted, for instance, that the Kriangsak II Cabinet, formed after the April, 1979, elections, has assembled for lengthy deliberations on such issues as the licensing of a Bangkok brewery, thus upholding some traditions of the old businessmen-soldier-politicians. It was also widely rumored that the military leaders removed Thanin in 1977 partly because he was zealously investigating military involvement in business.

There is certainly a great deal more official tolerance for freedom of political expression and activity than there was during the Thanin regime. The Kriangsak government has demonstrated conciliation in at least two important instances: students arrested during the events precipitating the 1976 coup were given amnesty; and the sweeping decree issued after the 1976 coup, which allowed the police to detain suspects indefinitely on charges of "endangering society," was abolished in August, 1979. Still, several other restrictive decrees remain in effect, and the new Anti-Communist Act of February, 1979, provides broad powers of search and detention and gives provincial governors and regional military commanders increased powers of suppression.

Budgetary allocations suggest continuity with the past, including the 1973-1976 period. Although it is difficult to infer policy priorities from budgetary allocations, the following figures may be rough indicators of policy.<sup>3</sup> The proportion of the national budget allocated for defense in the last three years of the Thanom-Praphat period (FY 1971-1973) averaged 22 percent annually; in the democratic period (FY 1974-1976) it was 17.2 percent; and in the budgets executed or prepared by the current military leadership (FY 1978-1980) it was 20.5 percent. The corresponding figures for internal security are 6.6 percent, 5.6 percent and 5.6 percent; for education 18.5 percent, 19.8 percent and 20.2 percent; for health 11.4 percent, 10.6 and 11.3 percent; and for agriculture 8.4 percent, 7.3 percent and 9.3 percent. The smaller proportion of funds allocated under the rubric of agriculture in the democratic period partly reflects the substantial increase in transfers to local governments under the *tambon* program undertaken by the Kukrit government, which represents the most marked budgetary change in the entire period.

The limited increase in the proportion of the budget allocated to agriculture is interesting in view of Kriangsak's frequent reiteration that his administration is especially anxious to help the farmers. Kriangsak declared that 1979 would be "The Year of the Farmer" and, partly to underscore this, he personally assumed the Agriculture portfolio in his second Cabinet. It is in this respect that Kriangsak has differed most markedly from previous military leaders. Of course, policies other than budgetary expenditures may be undertaken to help the farmers, like

<sup>1</sup>A group calling itself "democratic soldiers" has been issuing statements published in the weekly *Tawon Mai* (New Sun) and one occasion called for Kriangsak's resignation because he had been censured by the Lower House of the National Assembly. A later statement retracted this, saying that the fundamental problems of the Thai nation were of a systemic nature and require systemic change; it would not change anything to change a government and therefore the group did not call for Kriangsak's resignation. *Siam Rath*, August 3, 1979.

<sup>2</sup>*Siam Nikorn*, August 6, 1979, pp. 19-20.

<sup>3</sup>Calculated from *Budget for Fiscal Year 2523* (Bangkok: Office of the Budget, 1979).

reducing the rice premium, controlling the rents of tenants and regulating titles to landownership. However, the government has not taken any initiatives in any of these areas. Critics of the government consequently tend to dismiss "The Year of the Farmer" as rhetoric tailored to the recent emphasis on "development with distribution" in foreign lending agencies (while the accepted rhetoric in the Thanom-Praphat period was a rather simple anti-communism) and as a vague promise that may help the government to generate a broad, national consensus.

The general continuity in budget allocations reflects a number of factors, including the inertia of the vast bureaucracy and its vested interests; the continued strength of politically powerful old soldier-politicians; and the continuation of the alliance between military leaders, on the one hand, and the established Bangkok elite of businessmen and civilian technocrats on the other. The alliance is partly effected by means of parliamentary politics, although the Parliament naturally serves a broader function of legitimizing existing rulers and channeling discontent within acceptable forms.

#### PARLIAMENTARY POLITICS

Some examples may serve to illustrate the nature of the coalition between military leaders and the civilian elite. Prior to the April, 1979, elections, a political party, Seritham, was organized by government officials and leading businessmen to harness support for Kriangsak. Kriangsak's Cabinet appointments after the elections included Ob Wasurat (former-president of the Thai Chamber of Commerce) as Minister of Commerce. The Minister of Industry in Kriangsak's first Cabinet was Kasem Chartikawarit (a technocrat and member of the Dusit 99 group of major businessmen in the 1973-1976 period). Kasem was kept on as Minister without portfolio in the second Cabinet, and the Industry portfolio went to Prasit Narongdej, another well-known prosperous businessman and former director of the Housing Authority. The 34 civilians appointed to the Senate in May, 1979, were predominantly from the business and banking community.<sup>4</sup>

<sup>4</sup>Matichon, April 23, 1979; *Thailand Update*, May, 1979.

<sup>5</sup>Approaches to the governor of the Bank of Thailand, Sano Unakum, and to Bunma Wangsawa, Finance Minister in the first civilian government after the 1973 ouster of the Thanom-Praphat regime (the first Sanya Cabinet) produced no results. Nor did Kriangsak succeed in attracting Bunchu Rothchanasathian, president of the Bangkok Bank, partly because Bunchu was also deputy leader of the major opposition party, SAP. In the end, Kriangsak assumed the finance portfolio himself.

<sup>6</sup>General Praman made his fortune in the textile industry and was listed as one of the 40 richest persons in Thailand in *Thailand Business*, cited in *Thai Business*, cited in *Thai Rath*, July 17, 1979. His party voted with the government on the 1980 budget.

The military's relationship with the Bangkok-based elite was not entirely smooth, however. Kriangsak had difficulty in finding a suitable Finance Minister, leading to speculation that his Cabinet might lack the talents of civilian technocrats.<sup>5</sup> He also failed to enlist the Chad Thai party formally in the government coalition, although the party, led by a soldier-businessman of the old type, General Praman Adireksan, has chosen a flexible opposition role.<sup>6</sup> Kukrit Pramoj's Social Action party (SAP) and the new Prachakorn Thai party, led by Samak Sunthorawej, preferred to remain firmly in the opposition, as did the greatly weakened Democratic party. On the other hand, Kriangsak gained the support of the small Palang Mai party led by members of the Bangkok intelligensia, who formed the center-left party in the 1973-1976 period.

At the outset of Kriangsak's rise to power, some observers commented that the general would face a major test when he tried to incorporate or accommodate the civilian politicians in opposition. Admittedly, the sizable opposition in the National Assembly's Lower House (commanding about half the seats) could make life uncomfortable for Kriangsak, especially in view of Kukrit's stature (partly a function of his relationship to the royal family) and acid wit, and Samak's rather blunt but forceful articulation. Yet it is difficult to see how these politicians could be more than a nuisance to the government. The Lower House (301 members) has very limited power because legislative action requires a majority of the entire Assembly, including the 225 appointed Senators. The power of the House has been further circumscribed by the Committee to Scrutinize Draft Bills, where government supporters had a slight edge, and where a large number of draft bills had been pigeonholed by the end of the first session. A similar committee also scrutinized the budget before reporting it to a joint sitting of both houses. The Lower House recognized its limitations when it voted to hold only one three-month session annually and to meet only one day a week when in session, to allow the government to work without undue interference, as SAP leaders explained.

The tacit understanding characterizing the relationship between the military leaders and the civilian politicians recalls the legislative-executive relations of previous military regimes. The Assembly provides the Opposition members with a platform and an affirmation of the principles of democratic political institutions, and it gives the military a way to broaden its base, build coalitions and gain legitimacy. The legitimizing function of the National Assembly is explicit, in that the constitution empowers the legislature to elect the Prime Minister (Kriangsak was formally elected on May 11, 1979). However, if the Assembly becomes too independent, it can be dissolved (as was

done in 1971) and a new constitution proclaimed and elections called. Such a course of action would no doubt be costly for Kriangsak, opening him to attack from rival military factions on the grounds that he cannot manage politics, but—paradoxically perhaps—it might be easier for the Prime Minister to dispense with the National Assembly now than it was in 1971, because of the legacy of the 1973-1976 period.

The complex legacy of that period—when unprecedented political freedom and activism was accompanied by violence and sociopolitical polarization, and, finally, ruthless suppression—is difficult to analyze. One consequence appears to be a growing indifference towards parliamentary politics and/or fear of its consequences. The turn-out in the 1979 elections was unusually low (only 20 percent in Bangkok); the number of candidates running for elections was only half of that in the 1976 elections; and the candidate who virtually swept all the seats in Bangkok, Samak, had been Minister of Interior under Thanin and was associated with a policy of sharply curtailing political rights. In view of this, some parliamentarians concluded that a commitment to democratic political institutions must be nurtured anew. This attitude, of course, suggested a prudent exercise of parliamentary power.

Moreover, no sharp divisions over policy objectives separate the parliamentary opposition from the government. Kriangsak's accommodating declaratory policy promises a great deal to many diverse groups, as his lengthy June 7, 1979, statement to the National Assembly demonstrates. This allows the opposition parties to attack his implementation and to argue that they could implement such policies better if they were in power—that is, on grounds of politics rather than policy. The major opposition party, SAP, is not particularly radical. Its leaders (an aristocrat, a banker and a university professor) have stressed the need for rural development and the continuation of the *tambon* program. The government retorts that it is equally concerned with rural development and has promoted the *tambon* program, albeit in slightly different forms (provincial planning projects). Neither program directly confronts the crucial and political sensitive issue of administrative decentralization. Other parties that espoused more drastic socioeconomic and administrative reforms in the 1973-1976 period were either divided and co-opted (*Palang Mai*) or went underground (the Socialist party of Thailand).

#### EXTRA-PARLIAMENTARY POLITICS

The crucial question is to what extent these manifestations of "politics as usual" reflect the political forces and demands of the society as a whole. No Thai observer seemed to find it especially surprising that no

<sup>738</sup> farmer leaders were killed between 1973 and 1979. *Siam Rath* (weekly), August 5, 1979, pp. 17-21.

representatives of labor, the farmers or the intelligentsia were appointed to the Senate in May, 1979. Their exclusion nevertheless symbolizes the government's failure to provide these groups with access to the power centers or recognize them as legitimate parties in the political process—in short, these groups have not been incorporated into the political process. All three groups demonstrated an unprecedented degree of political consciousness in the 1973-1976 period, and there are signs that segments of these groups are again seeking to assert themselves within legally permitted forms of political contest. The government's failure to accommodate these efforts is therefore likely to lead to a serious challenge to "politics as usual."

The farmers constitute the majority of the Thai population (rural agricultural households represented 58 percent of all households in 1976). The smaller farmers and the tenants have been the main supporters of the Federation of Farmers in Thailand (FFT), formed in 1974. The FFT contributed to the promulgation of legislation benefiting its constituency in the 1973-1976 period (the Agricultural Land Rent Control Act and the Agricultural Land Reform Act), but it also perceived the dangers of political activism. At least 29 farmer leaders were killed in the 1974-1976 period, including 14 FFT officials.<sup>7</sup> By 1979, two of the original founders of the FFT had been killed (Inta Sribunruan and Rod Thani), a third (Chai Wangtaku) had gone underground to join the national front of the Communist party of Thailand (the Committee for Coordinating Democratic and Patriotic Forces, CCDPF, announced in late 1977), and the fourth, incumbent FFT president Chamrat Moangyam, was assassinated in July, 1979. His death left the FFT without a leader of stature, making it increasingly probable that discontented farmers who had not been intimidated could be mobilized by the militant opposition.

The absence of a viable organization or other means of access to the centers of political power makes it difficult for the poorer farmers to protect themselves against administrative abuse or indifference or to take advantage of legislation passed in their favor. It also makes it difficult for them to secure additional, favorable policy changes. This issue may be remote for many farmers, who have benefited from the very substantial increase in real income in the rural sector in the 1962-1976 period. For others, however, such prosperity, distributed rather unequally, may well be

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*Noting that "Cambodia is the source of the crisis that radically changed the Indochinese scene in 1979" and calling attention to "the long and almost inexplicable patience of the Vietnamese," this French historian offers a strikingly different view of Vietnam's goals and her relations with China, the Soviet Union, and the other states of Indochina.*

## Vietnam in Battle

BY PHILIPPE DEVILLERS

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**V**IETNAM is just emerging from an acute two-year crisis in which, as a "challenger of an international order," she was subjected to a concentric offensive. The crisis is far from over, but Vietnam has loosened the lace of strangulation, and some of the tension has been dissipated. Because this crisis has been seen in the West through China's eyes for the most part, and with American and European overtones, it is important to take into account the facts as they are seen inside Indochina to order to ascertain the sequence of events and to analyze Vietnam's motivation and intentions.

Southeast Asia remains a "key area" in the world balance of forces. The three great powers are in competition there and Vietnam is the center of their conflict. But in the region itself, many wonder about Vietnam. She is of course taken seriously, but is she a pawn or an independent country? Considering the "hot bed of tension" in Indochina, unilateralism and miscalculation could be extremely dangerous.

Cambodia is the source of the crisis that radically changed the Indochinese scene in 1979. For dark and complex reasons, the historical estrangement between the Communist parties of Vietnam and Cambodia took a turn for the worse in 1973 and reached a critical point in 1976. In the West, it is generally forgotten—or deliberately ignored—that in September, 1977, Cambodia started a real war against Vietnam, harassing the border region along hundreds of miles, destroying villages and crops, killing people and cattle. This offensive attitude resulted, as Cambodian Prince Norodom Sihanouk related in his just-published book, from sheer hostility toward Vietnam and narrow and jingoistic nationalism.

Many observers have wondered at the long and almost inexplicable patience of the Vietnamese, and at their discretion, too. Probably in the early stages of the dispute, they had no intention of crushing the Pol Pot regime in Cambodia, and even entertained the

hope of finding some accommodation with it. Although according to Article 51 of the United Nations Charter, they had a "natural right" to retaliate and respond in "legitimate defense," they chose not to publicize their conflict with their "socialist neighbor" and to search seriously for a compromise through negotiation.

In these matters, silence is an indication of seriousness. Even after Pol Pot had broken diplomatic relations (December 31, 1977), the Vietnamese proposed the creation of a demilitarized zone with international supervision, a gesture which they would not have made if they harbored aggressive intentions. Although they tried to initiate this negotiation directly or through international bodies, they received only stern and repeated rebuffs. After they gave Pol Pot a last chance through diplomatic channels without any success, they hoped he would be overthrown through a coup d'état by his military opponents. The failure of several attempts to overthrow Pol Pot and the ferocious repression<sup>1</sup> that followed proved that the Khmer Rouge "liberals" could succeed only if Pol Pot's main military force could be destroyed by the Vietnamese People's army itself. A military confrontation was therefore unavoidable.

Then the "Chinese connection" appeared, changing the whole perspective. Vietnam's state apparatus was infiltrated up to the highest level by Chinese intelligence, and Beijing was immediately informed, roughly in April, 1978, that Vietnam was preparing a military campaign against Cambodia for the next dry season. China, breaking her silence on the Vietnam-Cambodia affair, let it be known that she would not stay aloof should a conflict erupt. This was the beginning of open Chinese interference in Indochinese affairs.

In South Vietnam, tension on the Cambodian border had halted the development of many New Economic Zones and had forced many farmers to flee toward the Mekong delta or Saigon. Fear of mobilization and war induced thousands of people to prepare to flee abroad by boat. Others—and that was precisely what the Chinese traders did—were able to

<sup>1</sup>The author has visited the Tuol Sleng prison in Phnom Penh in which 20,000 prisoners died, especially those arrested after the failure of military coups in 1977.

speculate and to take advantage of shortages. Hence in March, 1978, the government decided to nationalize a large part of Vietnam's trade (about 15,000 firms), especially the food trade. The Chinese were given a choice between reinvesting compensatory money in industry or urban handicraft or settling in rural areas. As they could not see any future for themselves except in trade, they refused both and were denied compensation. They then concluded that they could no longer stay in a country that was not theirs and prepared for departure abroad, a move that was to take on enormous proportions some months later, with the exodus of refugees on large ships like the *Hai Hong*. (November, 1978).

In the north, Chinese agents spread rumors that a war between Vietnam and Cambodia was imminent, that China would side with Cambodia, that people of Chinese stock (Hoa) in Vietnam would be caught in a difficult situation, and that it was in their interest to leave immediately for China. The result was the sudden exodus of the Hoa from north Vietnam, which damaged the region's economy. Many competent cadres, skilled workers as well as miners and dockers, were Chinese; they left their plants or offices almost without warning and could not be easily replaced. Beijing stridently denounced Vietnamese "persecution" and "expulsion," and sent (without success) ships to transport these "poor people" out of Vietnam, but had to allow about 170,000 of them to cross China's southern border.

Alleging Vietnamese ungratefulness and arrogance, Beijing then cut off Chinese aid to Vietnam, recalling all Chinese experts and technicians from the 81 projects on which they were working. Some of these projects were of great economic value. China's move was to have important political and diplomatic consequences. As Hanoi's Deputy Foreign Minister Nguyen Co Thach acknowledged recently to an American journalist, Vietnam had no alternative other than to join the Soviet bloc's Council for Mutual Economic Assistance (COMECON)<sup>2</sup> on June 29, 1978. Beijing immediately denounced Vietnam as a Soviet puppet, the Cuba of Asia, a theme that the Western media were only too happy to accept and to spread. Vietnam was described as a Soviet satellite, geared to the destabilization of Southeast Asia.

Then, to counter what she called Soviet encirclement, China escalated on the military level, sending supplies and advisers to Cambodia, concentrating troops on the Sino-Vietnamese border, encouraging subversive activities among ethnic minorities in the frontier areas of Vietnam and Laos and inducing ethnic Chinese in the south to leave the country before the "imminent war" broke out. At this juncture (August-September, 1978) Vietnam's leaders finally understood that Vietnam was threatened by a war on

two fronts and had to foil the combined Sino-Khmer pincer action. No longer did they have to break the backbone of Pol Pot's army or to clean out the border sanctuaries; instead, they had to win a swift victory that would present China with a fait accompli before she could move (this meant intensive and secret preparations). There was no choice left. Anyone familiar with Vietnamese history and political tradition can appreciate that Vietnam could not easily tolerate a hostile Cambodia waging a war on her own, even more so if Cambodia was the ally and the instrument of China, the arch-enemy. (As a matter of fact, it is easy to imagine how the United States would react if Mexico or Canada were Soviet allies, were armed and inspired by Moscow, and were harassing United States frontiers.)

Confronted with the need to act quickly, Vietnam's leaders undertook a few decisive initiatives: first, to explain their basic policy to their neighbors, to express their goodwill and their peaceful intentions (that was the aim of Premier Pham Van Dong's trip to the Southeast Asian capitals, in September and October, 1978); second, to strengthen their ties with the Soviet Union. Conscious that Vietnam could be stabbed in the back while her army was fighting in Cambodia, they went to Moscow to get the additional security they needed to keep the Chinese threat within acceptable limits; there, on November 3, 1978, they signed a treaty of friendship and cooperation with the Soviet Union. They also made sure that a substantial body of Cambodians would fight Pol Pot and would start an uprising at the right moment, i.e., with good chances of success: hence, they encouraged the setting up of a United Front for the National Salvation of Cambodia (December 3) and its subsequent call for general insurrection. This led Pol Pot to concentrate his forces (19 divisions out of a total of 22) in the eastern region and left the central plains almost entirely defenseless, an easy prey for rebels.

Originally, the main objective of the Vietnamese offensive was probably to occupy the region east of the Mekong and set up a liberated area that would provide a base for future operations. But the "Chinese connection" led Vietnam to choose a drastic solution, the total liquidation of Beijing's satellite, the destruction of Pol Pot's regime and its replacement. The Vietnamese operation, launched on December 25, was simplified by the absurd concentration of Pol Pot's troops. Armored columns were able to break through their lines, seizing Phnom Penh on January 7, 1979, and reaching Battambang, in the western part of the country, five days later, on January 12. A great deal of intact Chinese armament was captured, but the regime leaders and tens of thousands of their troops, with many civilians, took refuge in the western jungles.

On January 11, a People's Republic of Cambodia

<sup>2</sup>*International Herald Tribune* (Paris), August, 1979.

was proclaimed, to be provisionally governed by a People's Revolutionary Council led by Heng Samrin, formerly a Khmer Rouge military commander. A month later (February 18) the new regime concluded a treaty of friendship and cooperation with Vietnam. There was immense joy and relief in Vietnam, especially in the south. Whatever the consequences, a very grave crisis had been overcome. Security was again established; no country would ever again be allowed to threaten Vietnam in the southwest.

However, the establishment of a friendly regime in Cambodia was only the end of the beginning; war with China followed. Hanoi had noted the rising intensity of Chinese propaganda and the way Chinese Deputy Premier Deng Xiaoping had talked about teaching Vietnam a lesson during his American tour, apparently with tacit American approval. Actually, the Chinese had talked too much about Vietnam to stay on the fence without losing face. They had to fight, to do something, in the sinister logic of their propaganda. Their attack, on February 17, 1979, on the 1,000-mile-long border, therefore did not come as a surprise. The local troops were ready, and provincial units were ready also. When it appeared that the Chinese were advancing on roughly 26 points of the frontier, large segments of the population of these areas (women, children, elderly people), about one million, were safely evacuated to the interior.

### CHINESE MOTIVES?

There was, nonetheless, a major and acute crisis. Were the Chinese going to seize the border region as a pawn in future negotiations? Were they aiming to inflict heavy economic damage on the Vietnamese economy? Were they trying to show Vietnam that she could not confront China without being punished (the Chinese alleged that Vietnam had committed almost 3,000 violations of the frontier in four years)? Were they trying to force Vietnam to withdraw from Cambodia? On a broader level, did they expect to force Vietnam to change her line, to renounce the Soviet alliance and to reinstate Chinese-oriented leaders? Were they going to stir up divisions and cleavages among party leaders and the people between ethnic minorities and the Vietnamese? Or to weaken Vietnam for a long time to come by a war of attrition? If these were Chinese aims, they would undoubtedly infringe on Vietnam's independence. In any case the leaders and the people were unanimous: Vietnam had to resist China.

While they wondered whether the Chinese armies would advance southward and threaten Hanoi, the Vietnamese engaged only their regional units, screening every move of the enemy and keeping their main force in the center of the delta, ready to strike. The Chinese advance was successfully contained. But even now it is not clear what the outcome would have been

if the Chinese had intensified their pressure and had scored a major and deep penetration. In particular, what action would the Soviet Union have taken?

Between Hanoi and Moscow, consultations were immediate and conclusive. The Soviet Union hinted that it remained to be seen whether Chinese operations were actually of limited scale. Soviet leaders promised to give Vietnam all weaponry urgently needed to counter the initial Chinese attack, but made it clear that the Soviet Union would not go to war with China and risk a world conflict over an Indochinese affair that was by no means vital to it. Soviet diplomatic contacts in Washington and even in Beijing lessened the tension and projected an image of the Soviet Union as a moderator attempting to minimize the confrontation. Immediate Chinese withdrawal from Vietnam would allow for a détente in Sino-Soviet relations that would certainly improve the overall situation in Southeast Asia.

This Soviet decision to stay out of the conflict and to attempt to negotiate with China taught Hanoi that Vietnam's interests in the region could not prevail over those of the three Big Powers (as a high-level Vietnamese official said privately). Since Vietnam could not rely on Soviet pressure on China's northern border to attract Chinese forces, Vietnam might face—alone—a long and protracted conflict with China. As a consequence, on March 5, the Vietnamese government decided to order a general mobilization.

Essentially, this still valid mobilization was motivated by the fact that Vietnam, from now on, faces danger from China. The U.S.S.R. more or less guarantees to supply all the equipment and armament needed to resist the Chinese, but there is no public opinion in China able to oppose a war. China is a contiguous country, with inexhaustible reserves of manpower. Its pressure could be terrible. Faced with such an enemy, "we must be numerous, very numerous," this author was told in Hanoi. The whole population, and no longer a rather small section of it, had to be trained for a "people's war," to make any possible Chinese advance extremely costly. Millions of men and women, between 16 and 64 years of age, were trained intensively, while new defense systems were built in the entire border area. China was depicted as Vietnam's hereditary archenemy. And the country was unanimously determined to resist China.

On the border, local Vietnamese troops with armaments superior in quality and efficiency to those of the enemy broke the Chinese offensive. Losses were particularly heavy in Chinese infantry units. Diplomatic and possibly political and economic considerations led the Chinese to announce the end of their "limited operation" (on March 6) but they withdrew very slowly, blowing up mines, factories, bridges and roads, electricity and telephone networks, public buildings (including schools and hospitals and power



plants).<sup>3</sup> China had really damaged Vietnam.

Even before the Chinese withdrawal was completed, the two governments agreed to open negotiations on pending issues. The only result achieved so far has been the exchange of prisoners. But talks are continuing. The Sino-Cambodian affair dominated the Vietnam scene and is likely to have a long and deep impact on Vietnam's economy in the months and years to come.

### SHORTAGES, SCARCITY, AUSTERITY

The external military crisis hit Vietnam when she was already crippled by dangerous tensions. In the south, war, political and social revolution, changes in currency, speculation and the hoarding of Chinese traders had disrupted markets, created shortages and stepped up black market prices. Refugees from Cambodia and from the western border had to be cared for. Across Vietnam, moreover, rains and typhoons (the worst in 60 years) had occurred in late 1978: 2,500,000 acres were flooded, 500,000 houses were under water, 10 percent of the cattle were destroyed, between 3 million and 4 million tons of cereal were lost. Most regions had been affected.

The price was high: severe food rationing (20 to 30 lbs per month per head of rice and other cereals), more black markets and higher prices. For most Vietnamese families, especially in the towns, food became a day-to-day obsession. Scarce and very expensive (outside rations), food is not distributed efficiently or even fairly. Undernourished, the people have been unable to maintain their capacity for work (which is lower now than during the war), and the shortage of drugs and medicines has caused deterioration in public health, compared with 1976-1977. The priority given to army supplies both in Cambodia and in the northern theater makes matters worse. But the Vietnamese have tightened their belts; they survive and are waiting for better weather and better crops.

Food remains the basic problem and has an absolute priority. In its five year plan in 1976, the government decided to add about 12 million acres to the area under cultivation before 1985, especially for the production of cereals. In 1979, mobilization drew hundreds of thousands of male workers from the rural sector; and since then the economy has relied more on women, old people and children. One million refugees from the Chinese border area must also be fed and supplied, and they do not produce at all. Is it possible to pursue this effort for a long period without becoming exhausted? How can the government get the 14 million tons of cereals needed to dissipate the specter of hunger? The population, almost 52 million, is increasing at the rate of 1.1 million a year. This year again, rice crops have been inferior to the average, and

planting is behind schedule in many provinces. The food situation will remain very acute for a long time to come.

Many other problems are related to food supply. Of great importance is the link between food sales to the state by rural cooperatives at fixed prices and what these cooperatives obtain in exchange in the way of manufactured goods or necessary equipment. In many cases, the state trade network cannot deliver these items and the farmers hold many products off the official market (for instance, pigs, poultry, eggs) in order to barter them on the unofficial one. Industrial production, based on about 2,000 enterprises, is generally on the increase, but it still suffers from a shortage of raw materials. Energy is rare. The production of coal was slowed by the departure of Chinese workers and is expected to remain about 5 million tons this year. The supply of electric power reached the 4 billion kilowatt hour mark in 1979. The production of tools, machine tools, farm equipment and building materials is increasing.

The situation in the area of equipment is complex. From north to south, traveling along the roads or visiting factories, one can see machines from the Soviet Union, China, East Germany, Poland, Czechoslovakia, the United States, Japan, France and Italy. Some are modern; many are outdated. Automobiles and rolling railway stock are apparently very worn down. Spare parts are lacking everywhere. There is a general shortage of fuel (gasoline, diesel oil, kerosene); but apparently drivers procure gas from unofficial sources, and lorry traffic on the main roads is intense. Despite the country's enormous needs, industry is far from working at capacity. There is widespread unemployment and low productivity.

Of course, such a situation encourages local autonomy (in which personal ties are overriding). The recently established districts (about 500 in the whole country) indeed provide a better administration, combining local initiative with central control. But the competence of the bureaucracy and its ability to deal with peacetime problems are questioned and discussed today in wide circles in Vietnam. In view of the many difficult adjustments to be made, it is difficult to evaluate to what extent the five year plan may still be implemented; it may instead be profoundly revised.

After so many years of shortages, the Vietnamese very strongly desire a better and above all a peaceful life; but they also want a standard of living that (without pretending to reach that of Singapore, for instance) might at least be termed "decent." For the time being poverty, appalling poverty, prevails, despite the fact that the people are decently clothed and look healthy, and that there are no beggars, except in a few sections of Saigon. Nonetheless, the egalitarianism of their society, the disappearance of a wealthy class ostentatiously living in opulence (as in

<sup>3</sup>The author saw and, in part, photographed, this destruction in the Langson sector of the border.

pre-1975 Saigon) and above all, the people's consciousness that their country's independence is at stake and that their rulers are sincerely dedicated—all these factors maintain remarkable unity and discipline in the nation.

Wages are indeed very low (the scale ranges from U.S. \$18-25 a month for the lowest to U.S. \$110-120 for the highest), and it is difficult to understand how people can live on their wages and salaries in view of the level of prices. But rationed products are rather cheap (\$0.15 per kilo for rice)<sup>4</sup> rents are very low (the rule is 3 percent of the wages), and there are not enough products on sale. Authorities concede that there is too much money in circulation and that the excess finds outlets on the black market. But savings cannot be efficiently frozen. Investing in industry is not given a strong impetus, because this would give purchasing power to highly skilled (and already better paid) workers who would find nothing to buy, except in the "parallel" (black) market, and this would add to the inflation. More encouragement of handicraft or cottage industries and an effort to equip them with modern machinery would probably ease the situation and would not require much bureaucracy or investment.

#### POLITICAL PROBLEMS

The Cambodian burden has been added to the mountain of Vietnam's economic difficulties. Vietnam must send Cambodia supplies of food, fuel, drugs and vehicles, which are already very scarce, and the Vietnamese must help rebuild roads, bridges, harbors, factories, hospitals and telecommunications, and must train new cadres and a new army. They must also contribute to the normalization of life in towns and villages and aid in restoring the administration and the economy of an utterly shattered country. Vietnam cannot take on the whole task alone. Because of Chinese and Western support to the Pol Pot cause and the urgent need for aid (hunger, famine and disease are appalling in many parts of Cambodia),<sup>5</sup> a special program for Cambodia was adopted by the Comecon at its June, 1979, session. The Soviet bloc states are now sending substantial aid to Cambodia, but still not enough to avert what may be a "human disaster."

In cooperation with the administration of Heng Samrin, the Vietnamese army must also wipe out the remnants of Pol Pot's forces, which still hold some areas west of Pailin/Poipet, near the Thai border, and smaller pockets in three other provinces (in all between five and six percent of Cambodia's territory). The Vietnamese are not eager to keep a military

presence in Cambodia but, considering the experience of recent years, they need firm guarantees for the future. They say they will stay only as long as the Chinese threat persists, to avert once and for all the danger of encirclement and to prevent any resurgence of a Chinese puppet state on their western borders (this of course includes Laos). Hanoi stresses the fact that Indochinese solidarity has been sealed through the new treaties signed between the three Communist regimes and that they will be defended against any enemy, whatever the cost.

The Communist party of Vietnam (CPV) is indeed the ruler, the governing body, the real "collective master" of the country. Its hold is total and overwhelming. Some opposition still exists, but it is scattered and unorganized. There is no political alternative to the Communists. The Politburo, the Central Committee and its various departments and offices control the country from north to south through a dense network of committees and cadres (party membership is roughly 1.7 million). Divergences within the party have always been carefully concealed, but it is quite certain that on several important issues, there has been debate, not consensus. The most recent instance of debate was followed by the defection of Hoang Van Hoan, a former member of the Politburo, a vice chairman of the National Assembly, and the first Ambassador of the DRV to China (1950). Hoan, who represented the pro-Chinese faction within the party, indicated that he opposed the pro-Soviet stance of Communist party Secretary General Le Duan.

In a period of tension, national unity is a primary concern. In order to prevent the enemy from dividing or subverting national unity, the party compromises with any opposition. As a matter of fact, the Chinese threat has strengthened national unity. The Catholics have been exhorted by their bishops to emulate the Marxists in patriotic activity. Buddhists and Hoa Hao have reached a compromise with the authorities. Only the Cao Dai still seem to be causing some suspicion.

The exodus of the ethnic Chinese and many Vietnamese who do not accept the regime (the boat people) has attracted world attention to living conditions in Vietnam. According to the reports of the refugees, Vietnam is a hell, a totalitarian state dominated by a corrupt party, which ignores human rights, maintains concentration camps and persecutes ethnic and religious minorities. The government acknowledges that life is hard in Vietnam (it is indeed!) and

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Philippe Devillers, a historian of Indochina, visited north and south Vietnam and Cambodia in April, 1979, and interviewed several responsible leaders in both countries. He is the author of a history of Vietnam, Cambodia and Laos in the twentieth century (Paris: Sirey, 1971).

<sup>4</sup>But \$3 or \$4 on the black market.

<sup>5</sup>Photographs of emaciated orphans in Kompong Speu have been shown by the Associated Press; see *International Herald Tribune*, August 14, 1979).

## MALAYSIA

*(Continued from page 206)*

will not lose sight of its potential disadvantages.

It is difficult to imagine a more dramatic, if not more nightmarish situation than that of a small developing country (about the size of New York State) experiencing an influx of hundreds of thousands of destitute people. Malaysia's lack of resources and infrastructure, the absence of outside interest, her fragile domestic climate and the imminent threats of guerrilla warfare all combined to make the arrival of the boat people a problem of staggering dimensions.

The country had already given shelter to 1,500 Muslims from Cambodia and 92,000 Muslims from the southern Philippines. Then, in early 1978, the first Vietnamese began to arrive. In March of that year, about 500 persons reached the eastern shores of Malaysia. By November, the monthly influx had risen to 18,900, and in May, 1979, to 29,000. The flood assumed crisis proportions. The world had to be made aware that the refugee settlement was a shared responsibility. Consequently, in mid-June, 1979, Deputy Prime Minister Mahathir let it be known that 75,000 refugees would be forced back out to sea and that newcomers would be shot on sight.<sup>14</sup> Although the Prime Minister himself soon "clarified" the statement, it had the desired impact.

Malaysia's internal problems accelerated. The initial international contributions were 68 cents per person per day, which was hardly enough for one meal. This required considerable Malaysian subsidies, although the fishermen and farmers of the east coast count among the poorest in the country and could not count on government food supplies. Local hospitals were crowded with strangers, while indigenous taxpayers lacked adequate facilities. Refugees bought their personal effects on the local market, forcing higher prices for scarce but essential goods.<sup>15</sup> The atmosphere attained dangerous overtones. Kuala Lumpur had to remove the cause of potential domestic unrest, particularly because almost 90 percent of the boat people were ethnic Chinese.

During the first half of 1979, 40,459 people were towed out to sea, to the consternation of Indonesia, Malaysia's southern neighbor. Today, naval vessels

patrol 61,000 square miles along the east coast. Before the June, 1979, conference in Geneva, Malaysia proposed a number of United Nations sponsored holding centers, outside its own territory, "to lengthen the pipeline." But it was the Geneva conference that brought a turning point to the human dilemma. Vietnam began to regulate the outflow of refugees, and recipient countries committed themselves to double the intake.

By the end of 1979, only a few Vietnamese refugees should be left in Malaysia. In late August, 47,650 boat people were still in camps but during September alone 9,726 were resettled.<sup>16</sup> The presence of units of the United States Seventh Fleet in the South China Sea is criticized for encouraging further departures from Vietnam. In the meantime, the United Nations High Commissioner for Refugees allocated \$28.7 million for the evacuation process, an amount that will be increased by \$10.1 million in 1980.

A small nation is always buffeted by the forces of history, unable to guide them. In her struggle to establish her own identity, Malaysia will have to associate with causes that will project her ideals and manifest her concerns. Thus Malaysia finds herself espousing policies that will ensure her survival, while speaking out on issues that will not endanger her. To this end, she adheres to a Western persuasion; she advocates neutrality and nonalignment to ward off the prejudicial influences of extra-regional powers; and she seeks to further nonoffensive alliances that can provide a secure environment for national development.

Such a foreign policy stance requires active diplomacy, frequent visits, and participation in conferences where respect for a nation's sovereignty is not determined by its size. Chinese Vice Premier Deng Xiaoping and Vietnamese Prime Minister Pham Van Dong went to Kuala Lumpur during the fall of 1978. Hussein Onn went to China in May, 1979, and visited Moscow in late September. Foreign Minister Tengku Rithauddeen is almost constantly abroad.

Ever since Tun Razak established diplomatic relations with the People's Republic of China in 1974, linkages have multiplied. With her open support for the Association of Southeast Asian Nations (ASEAN) and the Zone of Peace, Freedom and Neutrality (ZOPFAN), with her intervention in Vietnam and her promissory notes for the future, China is regarded in Malaysia as a more creditable ally than any other great power. On the other hand, Moscow's association with Hanoi, despite verbal assurances, continues to raise suspicions although these are kept within bounds because of Malaysia's favorable trade balance with the Soviet Union of almost 300 to one.<sup>17</sup>

Vietnam's invasion of Kampuchea and the subsequent instability of the area have caused the greatest

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<sup>14</sup>*The New York Times*, June 19, 1979, p. A3; see also *FEER*, June 15, 1979, pp. 21-26, June 22, 1979, pp. 17-21.

<sup>15</sup>From a speech by Redzuan Kushairi, Malaysian Embassy, Washington, D.C., January 16, 1979, and a statement by the Minister for Home Affairs, Ghazalie Shafie, November 28, 1978, pp. 7-10.

<sup>16</sup>*FBIS*, August 30, 1979, p. 01, and October 3, 1979, p. 01. Also *Malaysian Bulletin*, August, 1979, pp. 2-4.

<sup>17</sup>For an account of these visits to China and the U.S.S.R., see *FBIS*, May 8, 1979, p. E1, September 20, 1979, p. 01, September 27, 1979, p. 01; *New Straits Times*, September 27, 1979, p. 12.



## THAILAND: POLITICS AS USUAL

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a source of discontent; prosperity has reached only about half the farmers in the north and the northeast and has left large pockets of virtual stagnation in the south.<sup>8</sup> Among those who (relatively speaking) have been left behind, problems of tenancy persist (especially in the north and the central region, where the official figures of 29 percent and 40 percent tenancy, respectively, are generally considered to err on the low side); for others (especially in the northeast), indebtedness is the main problem; and an estimated 8 million (out of Thailand's total population of 44 million) are trying to survive on incomes below the officially designated poverty line in rural areas. The FFT or an equivalent organization consequently seems to have a sizable potential clientele. As for more prosperous farmers, their need for organization and access to policymaking may well become more pressing by the end of the 1980's, when "easy" growth—due primarily to an expansion of the area under cultivation and crop diversification rather than increased productivity—is expected to taper off and reach its limits.

Organized labor likewise demonstrated a degree of political skill and strength during the 1973-1976 period that was in sharp contrast to the early post-World War II era of organized labor. Some labor leaders from the 1973-1976 period have gone underground to join the CPT and its front (e.g., Therdphum Chaidi and Mongkol Na Nakorn). Others have remained, notably Phaisan Thawatchaiwan, who is currently president of the Labor Council of Thailand. There were a series of labor strikes and unrest in 1979, partly because martial law and the accompanying prohibition on strikes were lifted in February, 1979, and partly because inflation became a prominent political issue in mid-1979, when the government announced a 60 percent increase in the price of gasoline.

The Labor Council organized a rally that attracted an estimated 10,000 people at Bangkok's Sanam Luang in July; in order to air its grievances and press

<sup>8</sup>For details, see US/AID, *CDSS, Thailand* (Washington, D.C.: January, 1979) and the sources cited in its bibliography.

<sup>9</sup>*Siam Rath*, March 29, 1979.

<sup>10</sup>Some examples might be indicative: students from Thammasat University were discussing rural problems with farmer leader Chamrat shortly before his assassination; when issuing a protest over Vietnam's presence in Kampuchea, Thai students from 16 institutions held a "referendum" reportedly involving 40,000 persons.

<sup>11</sup>The old CPT leadership was principally composed of Thais of Chinese origin.

<sup>12</sup>ISOC (Internal Security Operations Command) estimates usually mention 8-10 percent of the population as living in "communist infested" areas.

for an increase in the minimum wage from 35 baht per day to 60 baht per day. The government responded cautiously. A counterproposal of 45 baht in minimum wage was made (and rejected by Phaisan), while the rally itself was permitted even though the Director General of the Department of Labor declared it illegal.

According to the Department of Labor, there are about 5 million laborers in Thailand, of which only three percent are unionized.<sup>9</sup> The unionized three percent, although internally divided, have shown themselves to be vocal, and tension between the laborers and the government may continue and increase. The government is concerned to minimize wage raises in order to help control inflation and to stimulate investment. The latter point was increasingly made by government spokesmen in 1979, who feared that the war in neighboring Kampuchea might create apprehension in business circles in Thailand and might lead to a flight of capital as well and might discourage new foreign investors. From a longer term perspective, the question of how to relate labor to the political process (if at all) will become more pressing as the labor force increases along with the expansion of the manufacturing sector.

The students, who took the brunt of the suppression in the 1976 coup, have also started to organize again, albeit carefully, initially focusing on "safe" issues like the Vietnamese invasion of Kampuchea and the influx of refugees from Vietnam, Laos and Kampuchea. The notion that the students have an important role in helping to mobilize and protect the poor and unrepresented segments of the population has evidently survived among student activists, who remained after the 1976 coup and, of course, among the minority that fled into the jungle to join the insurgents.<sup>10</sup>

The militant opposition has been strengthened by the addition of representatives of farmers, laborers and students who went underground after 1976 and broadened the class and ethnic base of the Communist party (CPT).<sup>11</sup> It was widely reported in mid-1979 that the CPT and its front (CCDPF) had split internally, but this may not mean that its activities will decrease. The insurgency is still at a relatively low level, and internal divisions may merely presage more diversified and uncoordinated activities by various factions, including a new stress on urban mobilization.<sup>12</sup> Possibly more serious was the loss of CPT sanctuaries in Laos and Kampuchea, when the CPT maintained its pro-Beijing line despite the Sino-Vietnamese war and the Vietnamese invasion of Kampuchea. That very issue reportedly brought internal divisions within the CPT to a head in mid-1979.

The loss of sanctuaries presumably accounted for the lull in insurgency in the northeast in 1979, but a July announcement of a new "National Salvation

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## KAMPUCHEA: VIETNAM'S "VIETNAM"

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not enough to run the country and pursue the Khmer Rouge.

The most dramatic manifestation of the human cost in this long Cambodian agony is the number of refugees of all ethnic groups who have chosen to flee Cambodia. Vietnamese officials charge that under Pol Pot over 200,000 Cambodians—many of them ethnic Chinese or Vietnamese—fled Khmer Rouge repression for safety in Vietnam.<sup>8</sup>

Ironically, however, less than six months later, the Vietnamese appeared to be following the same policy they had earlier condemned. Thousands of new Cambodian refugees—particularly of Chinese descent—were marching out of Kampuchea into Thailand, charging that Vietnamese soldiers had confiscated their possessions and forced them to leave.<sup>9</sup> Fearing the prospect of having these people indefinitely, the Thais, in turn, sent thousands of them back into Cambodian territory in June—many, it was feared, to die at the hands of the Khmer Rouge.<sup>10</sup>

### HENG SAMRIN'S GOVERNMENT

Vietnam's Cambodian front government began its existence by articulating a liberal program, clearly separating itself from its predecessor. The KNUFNS program stated that all Khmers have "the right to return to their old native land and to build their family life in happiness." It also offered "freedom of residence, movement, association, and religion." Totally reversing the Khmer Rouge system, KNUFNS promised to establish banks and reintroduce money, wage labor, and the private ownership of consumer goods.<sup>11</sup>

In foreign affairs, of course, the Front follows

<sup>8</sup>*Vietnam News Agency (VNA)*, (Hanoi), December 14, 1978.

<sup>9</sup>*Agence France Presse (AFP)*, (Hong Kong), May 19, 1979, in FBIS, *Daily Report—Asia/Pacific*, May 21, 1979, J6-J7; and Richard Nations, "The Incident That Jarred Waldheim," *FEER*, May 25, 1979, p. 20.

<sup>10</sup>*The Australian* (Melbourne), June 12, 1979; and *The Straits Times* (Singapore), June 23, 1979.

<sup>11</sup>The KNUFNS program is reprinted in the *FEER*, December 15, 1978, p. 35.

<sup>12</sup>SPK (Kampuchean Press Agency) in French, December 26, 1978, in FBIS, *Daily Report—Asia/Pacific* December 27, 1978, H1-H2.

<sup>13</sup>The treaty text is carried by *VNA*, February 18, 1979, in FBIS, *Daily Report—Asia/Pacific*, February 22, 1979, K13-K15.

<sup>14</sup>Nayan Chanda, "A Breather Between Rounds," *FEER*, April 20, 1979, pp. 18-19.

<sup>15</sup>Address by KNUFNS Central Committee Secretary-General Ros Samy, Phnom Penh Domestic Service in Cambodian, July 25, 1979, in FBIS, *Daily Report—Asia/Pacific*, July 27, 1979, H1-H7.

Vietnam, calling particularly for the "restoration" of special ties with Vietnam and Laos and the re-establishment of normal relations with Thailand.<sup>12</sup> Within five weeks of his installation in Phnom Penh, Heng Samrin had initialed the basic document defining Kampuchea's relations with Vietnam: the treaty of friendship and cooperation. This pact formalized Vietnam's right to maintain troops in Cambodia (article two), called for a renegotiation of their common border (article four) and (to the undoubted consternation of ASEAN neighbors) pledged to assist "national liberation movements and democratic movements," while at the same time pursuing "a policy of friendship and good neighborliness with Thailand and the other countries in Southeast Asia."<sup>13</sup> The trilateral Indochina front was completed with the signing of a Lao-Kampuchean cooperation agreement in April, which paved the way for the movement of Pathet Lao army units into northern Cambodia to assist the Vietnamese in tracking down Pol Pot remnants. Laos reportedly also agreed to help alleviate Kampuchea's shortage of administrative cadres by seconding its own Khmer-speaking personnel from border provinces to help set up administrations in Stung Treng and Ratanakiri.<sup>14</sup> Finally, the Soviet Union agreed in July to supply free consumer goods for 1979.

While the People's Republic of Kampuchea's international ties have been confined almost exclusively to the Soviet bloc, Vietnam and Laos, these allies have been of little help in solving Phnom Penh's basic problems—reviving a national society, resuscitating village life and restoring rice production. The most important concern is, of course, survival, which means the production and distribution of rice. Heng Samrin's government has urged people to return to their villages to engage in rice farming. But there have been a number of impediments. Much of the early 1979 rice crop was destroyed in the fighting for control of the country. Troops loyal to Pol Pot took rice with them to the mountains and in their continuing raids destroyed storage areas to exacerbate Vietnam's problems of governance. This has meant that many villagers have been forced to consume their seed rice, leaving little to plant for the succeeding crop season.

Vietnam has been providing seed rice and tools, but its own agricultural situation is precarious, with inadequate harvests over the past two years. Kampuchean officials have acknowledged 30,000 tons of rice donated by Vietnam along with 9,000 tons of fuel oil and an additional 5,000 tons of consumer goods, supplemented by "tens of thousands of tons of food, fuel oil and medicine" from the U.S.S.R.<sup>15</sup>

International relief officials are speaking in terms of famine for as many as 2.25 million Cambodians. They cite Heng Samrin's edict setting the daily rice quota per person at 130 grams, less than one-third the

average daily per capita rice consumption of other Southeast Asian nations. In addition to the wartime devastation of the rice paddies, these officials note the apparent absence of farmers in the fertile rice-growing area between Phnom Penh and the Vietnam border—an area in which Pol Pot's media have charged Vietnam with driving out Cambodian residents in order to repopulate with Vietnamese.<sup>16</sup>

There are political and logistical problems facing any international relief effort. Because Cambodia's only port is in the hands of a government that most potential donors do not recognize and with which they have no contact, how can international assistance be distributed, that is, through whom and to whom? Even if a politically acceptable method that did not imply diplomatic recognition could be devised to deal with Heng Samrin, most experts believe that there is no Cambodian organization that could distribute food efficiently. The Vietnamese army would be the most efficient distributor in Cambodia, but its use would amount to the international acceptance of a foreign invasion. Moreover, in the past, United Nations officials point out, Communist countries have been unwilling to accept the close international control that accompanies aid efforts.<sup>17</sup> The United States has indicated its willingness to support an international aid effort, if food is made available to all parts of the country under international supervision.<sup>18</sup> There is no indication that the Vietnam/Heng Samrin group is prepared to accept these terms, however.

In 1979, the Heng Samrin regime apparently concentrated its administrative efforts on establishing control in Phnom Penh and in the towns along

\*It is more accurate to depict the Pol Pot government as a Chinese ally than as a puppet. The PRC tried to moderate Pol Pot's internal politics with no success during its three and one-half year tenure. Beijing was aware of Pol Pot's negative international image and reprehensible domestic policies; and Chinese officials privately expressed exasperation over them.

<sup>16</sup>Seymour Hersh, "Relief Workers Fear Massive Starvation Across Cambodia," *The New York Times*, August 8, 1979.

<sup>17</sup>See the discussion in the *The New York Times*, April 22, 1979.

<sup>18</sup>Statement by Assistant Secretary of State Richard Holbrooke to the House Foreign Affairs Subcommittee on Asian and Pacific Affairs, June 13, 1979.

<sup>19</sup>James Laurie, "Emerging from the Ruins," *FEER*, May 25, 1979, p. 24.

<sup>20</sup>Phnom Penh Domestic Service in Cambodian, May 16, 1979, and *SPK* in French, May 18, 1979, in FBIS, *Daily Report—Asia/Pacific*, May 21, 1979, H3.

<sup>21</sup>See footnote 15.

<sup>22</sup>*Kyodo*, July 28, 1979; and the Bangkok Domestic Service in Thai, July 28, 1979, in FBIS, *Daily Report—Asia/Pacific*, July 31, 1979, H2.

<sup>23</sup>Nayan Chanda, "Cambodia: Fifteen Days that Shook Asia," *FEER*, January 19, 1979, p. 12.

<sup>24</sup>*Xinhau*, February 15, 1979, in FBIS, *Daily Report—People's Republic of China*, February 16, 1979, A6-A7.

Highway One to the Vietnam border. Temporary settlements for former residents of Phnom Penh have been set up around the capital, where people are screened to determine whether they will be allowed to reenter the city. Those selected tend to be managerial and professional: physicians, nurses, technicians, and managers. Before being given assignments in the city, they undergo a three-week reeducation program on KNUFNS and its general policies.<sup>19</sup> Schools are also being reopened, first at the primary and secondary levels, with the assistance of Vietnamese specialists.<sup>20</sup>

Heng Samrin's media acknowledge the growing friction that has developed between Kampuchean soldiers and the Vietnamese occupation army. Ros Samy, KNUFNS Secretary General, has cautioned Cambodia's troops: "We must vigorously maintain solidarity between our forces and the friendly forces. Let us not allow the enemy to take advantage of any breach in order to sow division . . ." <sup>21</sup>

Thai sources have reported defections of Heng Samrin soldiers to the Khmer Rouge, based on interviews with Vietnamese troops who crossed into Thailand to seek asylum. These soldiers also reveal mounting conflict between the Kampuchean people and Cambodian authorities over the bartering of food and other consumer goods for their valuables at very low prices. Kampuchean popular dissatisfaction is reported likely to increase as the Cambodians become aware that Vietnam is shipping Cambodian resources to Vietnam and resettling Vietnamese in the border areas.<sup>22</sup>

Kampuchea's future is the crux of Southeast Asia's current polarization that pits a Soviet-backed, Vietnamese-controlled Indochina against China with the ASEAN states watching uneasily from the sidelines. China has lost political "face," because of her inability to protect the Pol Pot regime from Vietnam's invasion. It is this loss of face that at least partially accounts for Beijing's bitter opposition to the Heng Samrin government and its Vietnamese mentor. Despite its disappointment over Cambodian developments, there is evidence that China anticipated the invasion and its outcome; in August, 1978, when Chinese leaders told Khmer Rouge Defense Minister Son Sen that China would be unable to repulse a full-scale Vietnamese attack on Cambodia and that Democratic Kampuchea had better prepare for protracted guerrilla resistance. In the fall of 1978, China sent arms, food and communications equipment to be stored in the jungle base areas of the Elephant Mountains.<sup>23</sup> Soon after the Vietnamese occupation, Beijing called for the creation of a united front resistance movement, incorporating all anti-Vietnam elements in Kampuchea.<sup>24</sup>

On a strategic level, China believes that the substitution of a Vietnam puppet for a Chinese ally in Cambodia,\* has resulted in an unacceptable shift in



regional political alignments to the benefit of the Soviet Union. Chinese officials argue that Vietnam has created her Indochina Federation and linked it to Moscow's Asian Collective Security System.<sup>25</sup> In conclusion, China will not accept the continuation of the status quo in Kampuchea. It is maneuvering to alter that situation by assisting the Khmer Rouge-led guerrillas, hoping that a protracted war will prove so unpalatable to the already overcommitted Vietnamese government that in time Hanoi will be prepared to negotiate an alternative.

That alternative could be the creation of a new government in Cambodia—perhaps under its quintessential nationalist, Prince Sihanouk—pledged to neutrality between Beijing and Hanoi. Vietnamese officials have displayed little interest in the prospect of an international conference on Cambodia's future so far, however. Although one Politburo member, Nguyen Van Linh, announced in Tokyo that Vietnam would withdraw her troops from Cambodia when China ceased supporting Pol Pot, there has been no apparent follow-up to the offer.<sup>26</sup> And Nguyen Co Thach, Vietnam's Minister of State for Foreign Affairs, has stated: "There is nothing to discuss as far as Kampuchea's internal situation is concerned."<sup>27</sup>

At the Bali meeting between the ASEAN foreign ministers and their Western and Japanese counterparts in July, 1979, United States Secretary of State Cyrus Vance indicated that Washington would be interested in seeing whether Prince Sihanouk, who left his Chinese exile for the more politically neutral location of Pyongyang, could be a compromise leader of a new Cambodian government.<sup>28</sup> Sihanouk himself has appealed for an international conference to decide Cambodia's future.<sup>29</sup> Spokesman for the Khmer Rouge guerrillas have indicated Sihanouk's acceptability, if he can persuade the Vietnamese to leave the country.<sup>30</sup>

The Prince himself believes that the Vietnamese

will negotiate with him, in part because they remain in his debt for having provided sanctuary to Vietnamese forces during the 1960's. Sihanouk argues that the continuation of the status quo will only continue to bleed all participants. The Khmer Rouge will be able to maintain a low-level insurgency, tying down thousands of Vietnamese troops and keeping Cambodia in the position of international mendicant and a continual drain on Vietnam's limited resources. By contrast, if the Prince returns to the helm, Kampuchea will receive international recognition and the foreign aid necessary to stave off famine and rebuild the economy. The price to Vietnam would be the creation of a nonaligned regime.

Sihanouk seems to be establishing further distance between himself and Beijing in order to enhance his credibility. In an interview in *Newsweek*, he called on the United Nations to install a peace force in Cambodia to stop both Chinese and Vietnamese aid to the rival groups destroying the country.<sup>31</sup>

In September, the Prince announced from Pyongyang that a new neutral national front would be established at a conference of Cambodian refugees and expatriates to be held in Brussels in October. In effect, Sihanouk's proposal constituted a rejection of Khieu Samphan's offer made at the nonaligned conference in Havana that the Prince assume the leadership of an anti-Vietnam united front organized by the Khmer Rouge.<sup>32</sup> Within a week, however, the Prince decided to back away even from the Brussels conference. He apparently resented allegations that he had not truly suffered under Pol Pot and that as a member of the royal family he would have no place in a republican government. Thus, for the time being at least, the Prince seemed to be withdrawing from attempts to lead the resistance against both Pol Pot and Heng Samrin.<sup>33</sup>

Prospects for the realization of Sihanouk's hopes (echoed by the ASEAN states, the West, Japan and probably China) depend on whether Vietnam and the Soviet Union believe they can maintain Hanoi's regional dominance without a Cambodian client. If they concur, the human and financial costs of maintaining a colonial government in Kampuchea will end; and all Southeast Asia can once more direct its energies to economic growth. But it will not be easy for Vietnam to exchange its Indochinese dominance and malleable satellite in Phnom Penh for the uncertainties of the outspoken, independent and ever-resilient Cambodian prince: ■

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Front" in the northeast indicated that a faction led by some recent additions to the CPT's national front (including former Socialist party member and parlia-

<sup>25</sup>*People's Daily*, May 3, 1979, in FBIS, *Daily Report—People's Republic of China*, May 9, 1979, C2.

<sup>26</sup>*FEER*, May 25, 1979, p. 5.

<sup>27</sup>Interview in *Asia Week*, June 15, 1979, pp. 10-11. This position has been repeated in Vietnam's talks with the PRC. See *VNA*, July 30, 1979, in FBIS, *Daily Report—Asia/Pacific*, July 30, 1979, K12-K15.

<sup>28</sup>Barry Wain, "U.S. Seeks Alternative to Cambodian Regime," *Asian Wall Street Journal*, July 5, 1979.

<sup>29</sup>*Le Monde* (Paris), March 21, 1979.

<sup>30</sup>Henry Kamm, "Aide Says Pol Pot Regime Is Ready to Join Old Foes Against Vietnam," *The New York Times*, June 1, 1979; John Sharkey, "Sihanouk Acceptable to Rebels," *Honolulu Advertiser*, June 7, 1979.

<sup>31</sup>*Newsweek*, July 23, 1979, p. 5.

<sup>32</sup>Flora Lewis, "Aide to Ousted Cambodian Regime Urges a New Front to Fight Hanoi," *The New York Times*, September 3, 1979.

<sup>33</sup>*AFP* (Hong Kong) September 19, 1979, in *FIBS, Daily Report—Asia/Pacific*, September 19, 1979, p. H1.

mentarian Bonyen Wotong, and student leader Thirayudh Bonmee) was preparing to resume the struggle from bases in the northeast. In the north and the south, activities have continued to increase without interruption.

### FOREIGN POLICY FACTORS

External events also posed complications for the government. Only a few aspects can be noted here. The influx of refugees and Vietnamese troop movements along Thailand's border with Kampuchea generated a reaction that drew its force from the anti-Vietnamese, anti-Khmer and anti-Communist sentiment of large segments of the Thai population. The government sought to harness this into support for its increasingly complex foreign policy (Kriangsak is dancing *ramwong* in foreign policy, Kukrit quipped), and declared that in time of crisis the nation must unite behind its leaders. The government appeared partially successful in this regard, but was criticized in some quarters for not being sufficiently firm about the Vietnamese presence in Kampuchea.

Probably more serious in the long run were the obvious pressures to increase military spending. Budget allocations for defense have been creeping up toward the levels of the immediate pre-1973 period, and the government has stressed the need to proceed with the modernization of the armed forces. The mesmerizing effects of the reported 10 Vietnamese divisions along the Thai-Kampuchea border—accentuating the loss of Thailand's traditional buffer state between herself and Vietnam—might well provide the kind of forceful stimulus that is apparently needed to alter customary allocations in the Thai national budget. If defense expenditures were to be significantly increased, this would mean stiff competition with other budgetary priorities, because the United States has been phasing out the grant component in its military aid to Thailand and, since 1977, has mainly provided credit under the foreign military sales (FMS) program.

The government also responded to the perceived, intensified threat from Vietnam by undertaking vigorous diplomacy—hence Kriangsak's visits to Beijing, Moscow and Washington. There were also vigorous expressions of moral support from the Association of Southeast Asian Nations (ASEAN) especially at its 1979 meeting, and hints from Malaysia and Singapore that more than moral support might be forthcoming if Thailand were involved in a direct armed conflict with Vietnam.

The possibility of such a conflict is certainly not discounted in Bangkok, whether as the result of uncontrolled escalation of incidents between Vietnamese and Thai units along the Kampuchean border, or as a consequence of ambitions that the Vietnamese are presumed to harbor. It is also possible

that the militant opposition groups in Thailand may, directly or indirectly, exploit to their advantage the impression that Thailand is increasingly “encircled” by Communist systems.

It is in this context that the limitations on “politics as usual” in Bangkok are most apparent. The government's continued failure to incorporate major segments of the polity in the political process may well lead to increasing polarization, given the existence of a more broadly based militant opposition, the lingering politicization among farmers, students and laborers, and the demonstrated strength of Vietnamese-led communism in the region. ■

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are expected to level off and fall short of projected import requirements in the years ahead. It also seems unlikely that other new resources will be able to substitute for the oil bonanza when it expires, and few if any other commodities offer comparable scope for OPEC-type arrangements.

While bonanza development, based on accelerating rates of resource extraction, accounts for most of the spectacular surge in economic growth, domestically the highest priority under Repelita I was assigned to increasing rice production. Again, apparently fortuitously in 1967, the “promise of the Green Revolution” was just coming available. The crash program for “self-sufficiency” involved “building on the best” with emphasis on the most promising areas and the most “progressive” farmers, rather than seeking to improve rural incomes across the board. Under the so-called BIMAS I program, multinational agri-business undertook high-pressure promotion of fertilizer and new seed varieties, aerial spraying and mechanization, while government extended irrigation and improved transport and processing facilities. Subsequently, the BIMAS II program sought to make the new techniques more accessible to smaller farms, but these efforts have been less energetic and less successful. The result was a substantial increase in rice availability, lowering its price especially to urban consumers, and a reduction of imports; but it also involved a major disruption in the delicate balance of “shared poverty” in the rural sector.

Although not fully documented, there seems to have been an increase in concentration of land ownership and an increase in landlessness.<sup>6</sup> More disastrous, however, has been the displacement in many areas of regular or part-time participation in agricultural employment. Meticulous hand-harvesting, rice-head by

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<sup>6</sup>See Ingrid Palmer, *The New Rice in Asia: Conclusions from Country Studies* [Philippines, Malaysia, Indonesia, Thailand] (Geneva: UN Research Institute for Social Development, 1976).

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## LAOS: VIETNAM'S SATELLITE

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European aid, it is only as strong as its Soviet commitment, which may change in the context of international politics.

Having imposed her own version of "people's democracy" on Laos (in the form of the Laotian Communists), Vietnam is imposing her own version of nonalignment, implying unconditional support for all Vietnam's ventures. The neutralization of Laos, the only way to bring peace to a peaceful land, is still as far off as ever. ■

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## VIETNAM IN BATTLE

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that many people, mostly those who enjoyed a rather easy life or privileges in the cities under the former pro-American regime, cannot endure the new conditions. They admit that one or two million people may ask to leave Vietnam in the coming years, but they insist that this departure must be regulated and that host countries must first be found.

In the political field, the government maintains that former enemies are still in the process of being reeducated, not punished (according to highly placed sources in Hanoi, the present figure is somewhat around 40,000); but admits that tension with China has greatly retarded the release of prisoners who are potential traitors and might again form a fascist opposition. Foreign pressure is thus counterproductive. In any event, high-level Vietnamese leaders, almost all of whom had been prisoners—and survivors—of the French "Goulag" in the 1930's-1940's and who refer to the more recent United States Central Intelligence Agency's Phoenix operation or to the Thieu prison system, ironically point out that the West has no lesson to teach them in the domain of freedom.

It should also be remembered that today in Vietnam many people listen every day to Voice of America or British broadcasting news bulletins and that knowledge of world events and opinion is widespread. The party, in its propaganda, has to take this fact into account. Moreover, the population is no longer illiterate, as it was in 1945-1948. Analphabetism has been wiped out, and a large part of the population is now made up of people with a secondary school education (8 years of schooling is the rule). Therefore the Vietnamese leadership must deal with an informed public opinion.

For the moment, Vietnam's main problem is still the question of war or peace. Is China likely to resume hostilities, or is she ready to settle existing differences

through negotiation? These differences are indeed serious, the most important being the maritime frontiers (delimitation of the continental shelf and the Paracels and Spratly Islands), Vietnam's presence in Cambodia and Laos, and her links with the Soviet Union. These problems will probably not be settled in the near future, because of the deep distrust between Vietnam and China; but pending the creation of a better climate, the normalization of relations between the two states (the resumption of trade and of rail connections, and the partial demilitarization of the border) would greatly contribute to a détente in the Far East. It would also facilitate the normalization of Vietnamese-United States relations, which is sincerely desired in Hanoi and would reassure the ASEAN countries and Japan.

## CONCLUSION

A relaxation of tension is vital for Vietnam. Mobilization strains her manpower and her resources. The fear of war creates tensions in economic activities and in political behavior. Fear has also poisoned the atmosphere between Hanoi and various other governments, and has adversely affected China as well. China's confrontation with Vietnam has not served Chinese interests and has even backfired. The cost of the February-March campaign was high, in lives, in finances, and in politics. It forced Vietnam to move even closer to the Soviet Union, precisely what Beijing had been eager to avoid. A middle course could certainly be found, provided both sides understand their reciprocal interests.

The question of Soviet influence in Vietnam is certainly of great concern to China and other countries. It is obvious that, for the moment, Vietnam can hardly stay afloat without Soviet aid in food and industrial supplies of all kinds. Vietnam's import needs are currently estimated at about 1 billion rubles a year, and exports amount to only one-fourth of this sum. The difference is made up by Comecon credits (mostly from the Soviet Union).

This deep economic dependence is not, however, making Vietnam a Soviet satellite. The CPV leadership is indeed jealous of its independence. The truth is that as long as China exerts pressure southward and pretends to hegemony over any Southeast Asian state, Vietnamese and Soviet interests will coincide. The Soviet Union will certainly help Vietnam to resist China, and the evidence of Chinese plans to colonize Cambodia with Pol Pot as China's agent induced Moscow (cool in the beginning of the affair) to give Vietnam increasing support. For the Soviet Union, Vietnam's national struggle fits perfectly into its plan to maintain a balance of power in Southeast Asia. But despite a great coincidence of aims, Vietnam is neither a formal ally of the Soviet Union nor its instrument. Only global détente and China's renunciation of



hegemonistic designs will make the Asian game more flexible and allow Vietnam to loosen her links to Moscow.

Vietnam has still a long way to go. But Vietnam's future is not painted in gloomy colors by her responsible leaders. They examine and discuss many options and acknowledge difficulties but, as one of them said, "After all, Vietnam has again withstood the onslaught, and whatever may happen in Cambodia, Laos or on our northern border, we have peace inside Vietnam now; our people can work and live without being bombed, harassed or killed. Our present difficulties are minor, compared to [our difficulties]. . . some years ago, in the wars against the French or the Americans. We shall overcome." Considering Vietnam's recent past and the energy of the Vietnamese people, this author is inclined to share his optimism. ■

## THE U.S. AND SOUTHEAST ASIA

*(Continued from page 196)*

probably as an outgrowth of United States concern for the Indochina refugees. A key problem was persuading warring factions in Cambodia to cooperate in international efforts to provide food and medicine to the civilian population. Guerrilla forces loyal to deposed Premier Pol Pot were supported by China. Thailand and other ASEAN states hoped to see the guerrillas regain control of Cambodia (and retain Cambodia's United Nations seat). The main alternative would be for Vietnam to consolidate her grip on Cambodia through the puppet Premier, Heng Samrin.

There were press reports that Prince Norodom Sihanouk, Cambodia's former ruler now in exile in Peking, might side with Pol Pot. To return to power in a coalition with Pot's Khmer Communist party, Sihanouk would have to persuade Vietnam's rulers that he alone could provide them with a neutral Cambodian neighbor and enough surplus rice to make good Vietnam's chronic food deficit. One way to do this would be to support Pol Pot's efforts to disrupt the planting and harvesting of rice in Cambodia. By creating vast suffering among the already destitute Khmer people, Pol Pot and Sihanouk might persuade the Vietnamese to withdraw and let them form a pro-Hanoi but semi-independent government.

It would be hard to imagine a more cruel and

dehumanizing political equation. Was Cambodia's token independence worth her people's unlimited suffering? Might they not be better off as citizens of a greater Vietnam, which might be prepared to let them retain their culture and religion (though it was unlikely to allow them private ownership of land)?

During the 1979 United Nations General Assembly session, the United States supported Pol Pot's claim to his country's United Nations seat, despite his record of murderous rule. This action was presumably intended to encourage our ASEAN friends. However, it was criticized by some observers as making it more difficult to gain Vietnam's cooperation for food relief efforts in Cambodia. In the fall of 1979, these efforts gained momentum, with the United States playing a central role.

This would seem to represent the practical limit of the new United States policy in Southeast Asia. Congress and the American people are apparently willing to pay the costs of absorbing large numbers of refugees into our society, even in a time of recession. Providing food and medicine to the desperate people of Indochina, particularly to the Cambodians, is obviously humanitarian. Such a policy creates a kindly image for the United States abroad, helps to raise our national self-esteem, and strengthens our network of ties with most nations in Asia. It leaves open the possibility of normal diplomatic relations with Vietnam, if Vietnam were to cease her military occupation of Cambodia and begin treating her own people according to more generally accepted standards. The United States cannot create those conditions, although it may be able to influence them marginally. This is one lesson that history should have taught us. ■

## SINGAPORE

*(Continued from page 209)*

Chinese are taught in English-medium schools, but Mandarin suffers. It is not the mother tongue of most Chinese residents, who speak one of the southern Chinese dialects. Despite its adoption as the national language of the People's Republic of China and the Republic of China (Taiwan) and its promotion by the Singapore government as a unifying element among the Chinese, its future role is far from certain.<sup>18</sup>

Through bilingualism and multilingualism, the government is trying to maintain contact with the nation's several cultural heritages. But cities are notoriously contemporary. Hotels, airports, shopping centers and high-rise offices and apartments are internationally interchangeable. Urban renewal and growth are replacing old temples, cemeteries and community centers with steel and glass. Form and fashion (in which the streets of Singapore rival Paris)

<sup>18</sup>FEER, August 10, 1979, pp. 57-58.

*Erratum:* We regret that a key sentence was inadvertently omitted from Norman Palmer's article, "The Compelling Imperative: Aid in South Asia," in our July/August issue. On page 37, left column, next to the last line, the missing sentence should read: "An Indian journalist has suggested that many people in the developing countries would welcome enlightened American initiative in the development field."

replace tradition and religion as shapers of values. Singapore, which proclaims herself the "global city," exemplifies this process.

Family planning and housing represent two of her enviable successes. Singapore's population growth rate is 1.2 percent per year, and the Housing Development Board expects that 65-75 percent of the population will be in publicly built or sponsored housing by 1980. Two-child families (the government's goal) living in apartments that they own will produce a generation very different from the generation that built modern Singapore, stirred by Lee Kwan Yew's call for a rugged society.

Amusement parks featuring electronic games and disco dances at community centers entertain the youth of a nation whose Prime Minister sought to avoid Western decadence (which he, for an unknown reason, termed "yellow culture"). At school camps, tents are used only for atmosphere: campers sleep in classrooms, eat packaged foods and take "night hikes in the afternoon"—with blindfolds.<sup>19</sup> Already the government is offering tax rebates to encourage families to care for aging parents at home in a society which traditionally valued filial piety and extended family obligations.<sup>20</sup>

The government has recognized the dangers inherent in prosperity. The education system that was designed to cater to the brighter students is being revamped under Deputy Prime Minister Goh Keng Swee, as Minister of Education, to provide greater opportunities for average and mediocre students through lengthened primary schooling and vocational training, instead of casting them aside to become soldiers or drug addicts.<sup>21</sup> Cultural activities, including art, music (a symphony orchestra), dance, drama and literature, are government-supported.

Lee Kwan Yew worries that the new generation that has never known poverty will lack the flexibility of the older generation and will find it difficult to change jobs to meet the nation's growing and changing manpower needs. And that they will bring new attitudes toward work, as they have in the West.<sup>22</sup> But recognizing and confronting this situation does not resolve it, as the West has also discovered.

There can be little doubt that the government has the skills and capacities to respond to these and other immediate challenges which face the nation. Currently, Singapore's leaders are planning to meet their energy needs in the 1980's with coal imported from Australia, despite the fact that Singapore is the third

largest petroleum refining center in the world. And the Foreign Minister actively courts further investment by proclaiming that Singapore, the global city, is the "heavenly city for the global corporations."<sup>23</sup>

But for all of their past accomplishments and their considerable skills, the central question for Singapore and Singaporeans in the future will be the biblical one: "What shall it profit a man if he gains the whole world and loses his own soul?" ■

## INDONESIA

(Continued from page 224)

rice-head, using the ani-ani knife, has been replaced by many of the larger (more commercial) farmers with sickle-harvesting and more mechanical methods, taking away an essential source of subsistence, in the form of a traditional share in the harvest (*tebason*), from thousands of poorer landless or micro-land-owning families. New activities, connected with the Green Revolution, such as the sudden replacement of hand-pounding for rice-milling between 1971 and 1974,<sup>7</sup> also took away thousands of supplementary sources of income from women and other family members of poorer households. The introduction of a new mechanical rubber crumbing process eliminated the need for thousands of labor-intensive rubber milling operations. At the same time, competition from factory-made goods wiped out many village handicrafts, for example, the substitution of factory textiles for traditional batiks produced by cottage industries.<sup>8</sup> (New manufacturing development, whether financed by foreign or local corporate investment, was highly capital-intensive, highly import-intensive, and highly concentrated in the Jakarta or Yogyakarta areas.)<sup>9</sup> These and other erosions of rural off-farm sources of income must have plunged tens of thousands or

<sup>7</sup>W.L. Collier, et al., "Recent Changes in Rice Harvesting Methods," and C. Peter Timmer, "Choice of Technique in Rice Milling in Java," in *Bulletin of Indonesian Economic Studies* (July, 1973). Timmer estimates that while 80% of Java's rice crop was hand-pounded in 1971, this had dropped to less than 50% by 1973. A crop such as that of 1971 might employ 399,000 full-time workers if it were all hand-pounded, but only 33,000 if large-scale bulk processing were utilized. W. Collier, "Choice of Technique in Rice Milling on Java—A Comment," *ibid.* (March, 1974), estimates that about half of women's hand-pounding jobs (or 125 million days) were actually lost due to mechanization, 1971-1973.

<sup>8</sup>Between 1966 and 1971, while "production rose from 250 to 600 million metres, the [textile] industry as a whole lost more than half its workforce. The handloom and batik sectors lost all but 100,000 of the 510,000 workers who had been previously employed there . . . It was reported that more than 70 percent of the total workers employed in both sectors were unemployed." ILO, *The Role of the Textile Industry in Developing Countries* (Geneva: International Labour Office, 1973), quoted by Palmer, "Rural Poverty," p. 227.

<sup>9</sup>See J.B. Donges, et al., *Industrial Development Policies for Indonesia* (Tubingen: J.C.B. Mohr, for Institut für Weltwirtschaft an der Universität Kiel, 1974).

<sup>19</sup>FEER, August 11, 1978, p. 37.

<sup>20</sup>Ho Wing-Meng, "The Dialectics of Materialism," in Wee Teng Boo, ed., *The Future of Singapore—The Global City* (Singapore: University Education Press, 1977), p. 129.

<sup>21</sup>FEER, August 10, 1979, pp. 50-54.

<sup>22</sup>"The Ascetic Lee Kwan Yew," *op. cit.*, p. 25.

<sup>23</sup>The Wall Street Journal, September 1, 1978, p. 1.

hundreds of thousands of hitherto self-sustaining families below the poverty line.

The exact extent and rate of increase of absolute poverty in recent years are difficult to assess, for want of reliable and up-to-date statistics. There obviously has been some labor-absorption into the modern sectors, both in urban and rural areas, but it seems unlikely that this has come close to compensating for the labor-displacement effects. Some family members of rural households have found employment by illegal entry into Singapore, whence they send remittances home; but these are a minority of cases. New twists of ingenuity within the "informal sector" have also undoubtedly opened economic niches and access to the enhanced circular flow of income for the most enterprising, but the extent of such "trickle-down" is impossible to gauge. Jakarta was officially declared a "closed city" to rural migrants from 1972 to early 1978,<sup>10</sup> and this drastic policy was symbolic of a dramatic increase in polarization within Indonesian society between the conspicuously affluent minority and an increasingly discontent majority.

Under Repelita II (1974-1979), as windfall oil revenues provided more room to maneuver, the declared intent shifted to some degree from pushing economic growth to improving distribution. Riots attendant on Japanese Prime Minister Kakuei Tanaka's visit to Jakarta (January, 1974) underscored the critical need for changing the image and priorities of public policy in this regard. President Suharto's Report to the Nation (January, 1975) stressed two overriding goals for Repelita II: "to raise the living standards of the whole people and to lay a strong foundation for the next stage in our national development. . . ."<sup>11</sup>

His stress upon greater "equality of opportunity," rather than, for example, "equality of outcome," is significant. Indonesia remains an "enterprise economy" under the New Order, not a socialist economy. Specifically, the new directions under Repelita II included four "key components": (1) an expansion of rice-intensification areas (from 4.8 to 5.5 mill. ha.) and double cropping (from 0.6 to 0.9 mill. ha); more credit for "progressive" BIMAS farmers; and an expansion of fisheries, cattle farming, coconut and rubber plantations, sugar factories and forestry schemes; (2) stepped-up encouragement to small industries and to indigenous firms capable of processing raw materials for export, along with government factories producing fertilizer, cement, and textiles; a 50 percent increase in production and export of crude

petroleum by 1978-1979; the tapping of large natural gas reserves in Sumatra, East Kalimantan and West Java; and hoped-for large exports of coal and bauxite by the end of Repelita II; (3) additional assistance to regions to promote *gotong-royong* (community labor) type activities (specified at Rp.750 mill. to each province, Rp.400 per capita plus a steamroller to each kabupaten, and Rp.200,000 to each village, rising to Rp.300,000 from 1976-1977 onward), together with aid to elementary schools, public health centers, and district-level hospitals; and (4) larger transmigration and Outer Island colonization schemes, with greater stress on building social overhead and other facilities prior to resettlement, to attract more established farmers and to establish them from the outset as high potential agricultural areas.

These objectives convey the strong central directives that characterize Indonesian development under the New Order. They are very specific and are typically implemented with military punctilio, so far as the administrative line of command or interests of the implementers extends.

Rice-intensification schemes may appear essential to securing domestic food supply, but seem likely to dislodge more workers from traditional niches in the rural economy than are likely to be absorbed. Some jobs will be created through plantation and other export-crop development, though this may take land out of local subsistence crops, which may have been more labor-intensive and poverty-alleviating. Land prices may also be pushed further beyond the reach of small farmers. Assistance to "progressive small farmers" (often quite large relative to modal farm size) generally cannot be expected to reach poor rural families. Export-oriented small-industry development may create more jobs in urban areas, and may also be induced to become more decentralized. It may also absorb funds away from and otherwise displace already existing informal sector activities (and "hidden" activities such as rubber smuggling for processing in Singapore), so that its contributions will not all be clearly additive. The other exported priorities appear unavoidably capital-intensive and enclave-like and will probably skew the flow of funds even more toward Jakarta, where they may or may not be recycled into anti-poverty outlays. *Gotong-royong* activities clearly can bring social amenities, as well as public works employment, down to the village level, but providing funds (especially according to a mechanical formula) does not ensure their effective utilization as an anti-poverty device. Regional development and some degree of greater local autonomy appear to be the quid pro quo to Outer Islanders to offset their reluctance to accept transmigrants, as well as to compensate to some extent for the revenues from resource shipments being appropriated by Jakarta. They also, of course, facilitate further resource flows

<sup>10</sup>The edict was intermittently administered and only partially effective; it may have been the Governor of Jakarta's way of signalling the urgency of the situation to the central government.

<sup>11</sup>President Suharto, *Report to the Nation. Address before the House of People's Representatives on the 1975/1976 State Budget* (Jakarta: Department of Information, 1975).



from the Outer Islands and may favor opportunist interests rather than those of the poor.

Transmigration schemes have always figured prominently in Indonesian (or at least Javanese) perceptions of the obvious solution to the twin problems of concentrated poverty in densely populated Java (where 64 percent of the population occupies 7 percent of the country's total land area), and relative "underdevelopment" in the Outer Islands. A sticking point has always been the enormous per capita costs involved (recently estimated at around U.S. \$2,000-2,500 per family of five). Now, however, partly as a result of Indonesia's new-found revenues, and partly from a desire to secure access to Outer Island natural resources, such programs have come to figure prominently again as more feasible and more imperative. Compared to a total of 851,000 families resettled from Java, Madura and Bali to the Outer Islands between 1951 and 1977, there are plans to resettle 2,650,000 in the five-year period, 1978-1983.<sup>12</sup> Pre-investment and land preparation of estates, the increase of plots from the usual 2 to 5 ha. per family, plans to grow export commodity plants such as rubber, coffee, cacao and oil palm, and the fact that settlers will often be air-lifted to already built homes and townships, all mean a substantial jump in costs per family. (To maintain perspective, it should be noted that, as of 1975, oil revenues still only amounted to US\$20 on a per capita basis and have to finance many things besides transmigration.)

Further indication that the new philosophy remains "developmental" rather than "anti-poverty" is seen in the fact that, increasingly, transmigration schemes are to be initiated and organized by private enterprise as commercial ventures, and that migrant groups will have to be self-financing up to arrival at the destination. The attempts at decentralization are the most promising aspects of the new approach, so far as they reflect a genuine devolution of authority and are not simply political window dressing. For transmigration to be an economically feasible escape path from the predicament of entrenched poverty in Java, however, it will require continuing massive outflows (along with population planning, which is also being stepped up). For it to be politically feasible, it will require an ingenious process of selection, reorientation, and supporting activities, as well as more equitable sharing of benefits and opportunities, both among Outer Islanders and among those that stay behind as Inner Islanders.

Indonesia, especially Java, is a Gordian knot of

<sup>12</sup>Data from Indonesian Department of Labour Force and Transmigration. The figure for 1966-1971 was 78,009, and for 1972-1977 it was 389,469.

<sup>13</sup>G.K. Helleiner, "Manufacturing Exports from Less Developed Countries and Multinational Firms," *Economic Journal* (March, 1973); the data are from UN Committee on Trade and Development (UNCTAD) and relate to 1968.

paradox for economic planners searching for a workable redistribution-with-growth strategy. The more scope given for modernization and "rational" economic growth, the more intractable become the problems of poverty and inequality. The force of demography, however, demands an acceleration in economic activity, for otherwise the situation will certainly deteriorate. Official projections to the year 2000 (assuming a 25 percent reduction in fertility rates) give Indonesia a population of 250 million (up from 120 million in 1971), of which 140 million might reside in Java-Madura (assuming proportionate growth and a transfer of 20 million of the end total to the Outer Islands). If these are accepted as hypothetical possibilities, the density of settlement in Java-Madura would be 1,105 people per sq. km., which is representative of urban densities in Europe or North America. In effect, Java would be a vast island city, 1,000 km. long. The problem is that it will still likely be predominantly agricultural and rural. Even with the extraordinary fertility of its volcanic soil and meticulous cultivation up all the hillsides, it can hardly be seen as a viable proposition. High-rise tenements for habitation, matched with high rice-terracing for subsistence! Malthus would feel confident in predicting the outcome of this race between the "geometric" rate of human expansion and the less-than-"arithmetic" rate of increase in food-producing capabilities, operating under the inexorable law of diminishing returns.

An alternative, sometimes encountered in defense of an industrialization strategy based on duty-free industrial estates and export-processing zones, is Java as a huge island workshop, along the pattern of Hong Kong and Singapore. Unfortunately, this seems equally untenable as a general antidote to absolute poverty among the "surplus labor," which supposedly endows Java with a "comparative advantage" for labor-intensive manufacturing. Hong Kong, with a population of 4.4 million (3 percent of Indonesia's), already accounts for 23 percent of manufactured exports from all LDCs destined for markets in the more developed countries.<sup>13</sup> If Java were Hong Kong writ large, even supposing that it could duplicate the frenetic application and the accumulated business acumen, it is hard to see how the resulting avalanche of output could be absorbed in world markets, especially in face of competition from up to a hundred other LDC's all seeking the same escape path from their own surplus labor problems. The Singapore model is even more elusive, with 2.25 million people deriving a GNP per capita 11 times that of Indonesia through increasingly capital-intensive, skill-intensive and technology-intensive industrialization.

The economic arithmetic of Indonesia, especially Java, must be truly awesome to those entrusted with massaging its projections toward acceptable solutions.

Evidently more export-processing and labor-intensive manufacturing would help, along with transmigration and more intensive family planning. Many findings suggest, however, that voluntary limitation of family size will only occur as a result, not as a prior requirement, of poverty elimination. There seems no escaping the need to tackle shared poverty in rural Java directly and on its own terms, proceeding with care and consideration for existing arrangements, allowing maximum scope for spontaneous ingenuity in devising informal sector activities, while protecting traditional occupations from the more devastating and abrupt intrusions of urban-based or modern sector activities. Just formulating the general requirement underscores the unlikelihood of finding easy solutions; but unless the current Leviathan of modernization in Indonesian development can be brought more firmly under control, it seems unavoidable that the proliferation of alienated and unemployed persons surrounding the "islands of privilege" will reach overwhelming proportions. Bonanzas give a breathing space and room to maneuver, but are not panaceas. ■

## MALAYSIA

(Continued from page 219)

anxiety. Although Malaysian leaders do not condone the former Pol Pot regime in Cambodia, they insist on its continued recognition to avoid rewarding aggression. At the September, 1979, meeting of the nonaligned states in Havana, the "empty chair"

policy succeeded over Malaysia's protests, an action that was reversed later that month at the United Nations when the Pol Pot representative was seated. *Wisma Putra*, the Malaysian Foreign Office, still believes that it has a special relationship with Vietnam despite the fact that Malaysia rejected Pham Van Dong's May, 1979, offer of a nonaggression pact because it "lacked credibility." Malaysia's efforts are directed toward the creation of a neutral Kampuchea.

At Kuala Lumpur in 1971, Malaysia first suggested the eventual establishment of a Zone of Peace, Freedom and Neutrality (ZOPFAN), a concept that is as ambiguous as its implementation is elusive. Nevertheless, in the wake of regional aggression, ZOPFAN is again being discussed, but the Soviet Union's friendship treaty with Vietnam makes any regional association extremely doubtful. Malaysia relies on her own military potential and on increasing assistance from Australia and the United States. But Malaysia's planners do not anticipate and attack, nor do they want to place their future in any military hands.

The foundation of Malaysia's foreign policy remains her membership in ASEAN and economic cooperation with her four neighbors. Rightly, Malaysia has decided that foreign policy only provides a cosmetic touch to a sound and stable body politic, and that an economically resilient and socially healthy country provides the best guarantee against internal subversion and external aggression. Malaysia's progress gives every indication that such a combination of factors can be obtained before the end of this century. ■

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# THE MONTH IN REVIEW

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*A Current History chronology covering the most important events of October, 1979, to provide a day-by-day summary of world affairs.*

## INTERNATIONAL

### Middle East

(See also *Italy; Turkey; U.S., Foreign Policy*)

Oct. 26—In London, an agreement that Palestinians in the West Bank and the Gaza Strip will take part in the election process for autonomous government is reached by Egyptian, Israeli and U.S. negotiators.

### Organization of American States (OAS)

Oct. 22—Bolivia's President Walter Guevara Arze opens the 9th General Assembly of the OAS in La Paz, Bolivia.

Oct. 24—The OAS elects Argentine Alejandro Orfila to a second term as Secretary General.

### Organization of Petroleum Exporting Countries (OPEC)

Oct. 3—In Belgrade, Saudi Arabian Finance Minister Sheik Mohamed Abalkhail tells the annual meeting of the International Monetary Fund and the World Bank that Saudi Arabia is finding it increasingly difficult to maintain her increased oil output because of world inflation and the erosion of the dollar.

Oct. 15—Iran and Libya raise their price on exported oil by more than 10 percent; in both countries, prices have been raised above the OPEC maximum of \$23.50 a barrel.

### Southeast Asian Refugee Problem

(See also *Cambodia*)

Oct. 5—The U.S. pledges support toward a \$60-million processing center for refugees on Bataan Peninsula in the Philippines.

Oct. 10—The U.S. State Department says that the U.S. will supply \$7 million in food and money to the International Committee of the Red Cross as part of a \$28-million relief plan for millions of starving Cambodians.

Oct. 24—In pledges to the U.N. and the International Red Cross, U.S. President Jimmy Carter says that the U.S. will provide a total of \$70 million as its share of an international relief program for Cambodia.

### United Nations

(See also *Israel*)

Oct. 12—President Fidel Castro of Cuba addresses the U.N. in New York; he asks the U.S. and other wealthy nations ("imperialists") to aid the development of poor countries over the next 10 years at a cost of \$300 billion; the fund is to be handled by the U.N. and every country will have only one vote with regard to its distribution.

## AFGHANISTAN

Oct. 8—Muslim rebels report heavy fighting with government troops in Gardez, the capital of Paktia province, about 65 miles from Kabul.

Oct. 9—President Hafizullah Amin commutes the death sentences of 2 former Cabinet officials, Defense Minister General Abdul Khadir and Public Works Minister Mohammad Rafi, to 15 years in jail; they were found guilty of treason.

The Afghan radio confirms the death of former President Noor Mohammed Taraki.

## BOTSWANA

Oct. 20—Parliamentary elections are held.

## BRAZIL

Oct. 9—In northeastern Brazil, sugar mill owners and fieldworkers union officials reach agreement; the fieldworkers win a 52 percent increase in wages and protection against job exploitation.

## CAMBODIA

(See also *Intl, Southeast Asian Refugee Problem*)

Oct. 4—A Foreign Ministry spokesman denies giving the International Committee of the Red Cross or the United Nations Children's Fund permission to open relief offices in Phnom Penh and to begin nationwide famine relief operations. The government insists that no food be provided to supporters of former Prime Minister Pol Pot.

Oct. 26—Following the visit of 3 U.S. Senators, the government rejects U.S. President Jimmy Carter's offer to increase American aid through international agencies.

## CANADA

Oct. 9—Governor General Edward Schreyer addresses the opening session of Parliament; Prime Minister Joe Clark's new government is the first Progressive Conservative government in 16 years.

Oct. 29—Prime Minister Clark announces that the government has abandoned its plan to move the Canadian embassy in Israel from Tel Aviv to Jerusalem.

## CHILE

Oct. 1—The Supreme Court rejects a U.S. request that 3 Chilean army officers be extradited to the U.S. for trial for the murder of Chilean exile leader Orlando Letelier in Washington, D.C., in 1976.

## CHINA

Oct. 6—The Central Committee publishes its agricultural modernization plan; included in its statement is a charge that party Chairman Mao Zedong failed to meet the food needs of the people.

Oct. 10—In Beijing, more than 2,000 students from the People's University protest in front of Communist party headquarters; they are demanding the withdrawal of troops from their campus. People's Liberation Army troops have defied a government order to leave.

Oct. 13—It is announced that the 1,000 soldiers and their dependents will withdraw from the university.

Oct. 15—Communist party Chairman and Prime Minister Hua Guofeng arrives in Paris at the start of a 23-day state visit to France, West Germany, Britain and Italy. He is met at the airport by French President Valéry Giscard d'Estaing.

Oct. 21—Hua arrives in Bonn, West Germany.

Oct. 24—In Bonn, Foreign Minister Huang Hua and West German Foreign Minister Hans Dietrich Genscher sign



treaties designed to improve economic and cultural relations between the 2 countries.

Oct. 28—In London, Prime Minister Hua Guofeng arrives to confer with British Prime Minister Margaret Thatcher; he is expected to meet with Queen Elizabeth II.

### CONGO

Oct. 29—A Dutch newspaper reports that more than 1,000 schoolchildren (600 between the ages of 10 and 15) have been sent to Cuba for 15 years of military training, forcibly and without parental consent.

The government denies that any of the children sent to Cuba were sent against their will or without parental consent.

### CUBA

(See also *Intl. U.N.; Congo; U.S., Foreign Policy*)

Oct. 12—In New York City, President Fidel Castro, chairman of the nonaligned nations, addresses the U.N. General Assembly.

Oct. 14—Castro returns to Cuba.

Oct. 20—The former military governor of Camabuey province, Huber Matos, is released from prison after serving a 20-year sentence for trying to undermine the Castro revolution.

### CZECHOSLOVAKIA

Oct. 23—In Prague, 6 members of the Committee for the Defense of the Unjustly Persecuted, including playwright Vaclav Havel, are convicted of "subversion" and sentenced to prison terms of up to 5 years.

### DENMARK

Oct. 23—Nationwide parliamentary elections are held.

Oct. 24—The Social Democratic party led by Prime Minister Anker Jorgensen wins 69 seats in the 179-member Parliament, an increase of 4 seats; the Liberal party, the Social Democrats' coalition partner, wins 22 seats.

Oct. 26—Newly elected Prime Minister Jorgensen submits his Cabinet to Queen Margrethe II.

### EL SALVADOR

Oct. 15—President Carlos Humberto Romero is deposed in a coup d'état led by Colonel Adolfo Arnoldo Majano and Colonel Jaime Abdul Gutiérrez; rebel leaders claim control of 14 departments (provinces).

Oct. 18—The Popular Revolutionary Bloc, the February 28 Popular Leagues and the United Popular Action Front (all peasant-student-worker coalitions) denounce the coup as an attempt to weaken the popular movements.

The ruling junta holds its first press conference; the junta is comprised of 2 military leaders and 3 civilians—former rector of the Central American University Roman Mayorga Quiro, Social Democratic leader Guillermo Manuel Ungo, and businessman Mario Antonio Andino.

Oct. 25—In San Salvador, leftists seize the Labor and Economy ministries and take 130 hostages, including 2 Cabinet members.

A spokesman for the junta says it is willing to negotiate for the release of the hostages; the leftists are demanding pay increases, lower food prices and information about missing political prisoners.

Oct. 30—Some 300 leftists storm the U.S. embassy in San Salvador but are repelled with tear gas.

### FRANCE

Oct. 10—In Paris, newspapers carry a report that former

Central African Emperor Bokassa I charged that in 1973 he sent \$250,000 worth of diamonds to Minister of Finance Valéry Giscard d'Estaing. The opposition Socialist party calls for an official investigation.

Oct. 17—In Paris, an economic, cultural and technological cooperation agreement between France and China is signed in the presence of visiting Chinese Communist party Chairman Hua Guofeng and President d'Estaing.

Oct. 29—In West Berlin, President d'Estaing arrives for a state visit; he is the 1st French head of state to visit Berlin since Napoleon.

Oct. 30—Minister of Labor Robert Boulin dies, an apparent suicide because of his implication in a real estate scandal.

Oct. 31—In a suicide note received by Agence France-Presse, Boulin accuses Justice Minister Alain Peyrefitte and Caen Judge Renaud van Ruymbeke of subjecting him "to interrogation, press campaigns and suspicion."

### GERMANY, EAST

(See *U.S.S.R.*)

### GERMANY, WEST

(See also *U.S.S.R.*)

Oct. 21—Chinese Prime Minister Hua Guofeng arrives in Bonn for talks with German officials.

### GREECE

Oct. 2—In Moscow, Prime Minister Constantine Caramanlis signs an economic and technical cooperation agreement with the Soviet Union.

### GUYANA

Oct. 22—In Georgetown, Prime Minister Forbes Burnham cancels parliamentary elections for the 2nd time.

Oct. 25—Minister of Education Vincent Teekah is assassinated.

### INDIA

Oct. 19—Finance Minister Hemwati N. Bahuguna resigns from the Cabinet.

### IRAN

(See also *U.S., Foreign Policy*)

Oct. 2—In Washington, D.C., L. Bruce Laingen is appointed U.S. Ambassador to Iran.

Oct. 20—Kurdish rebels reportedly win control of Mehabad in northwest Iran from government troops.

Oct. 25—In New York City, exiled Shah Mohammed Riza Pahlevi undergoes surgery; he received permission from the U.S. government to enter the U.S. for the operation.

### ISRAEL

Oct. 7—The Cabinet approves a temporary plan for Israeli, Egyptian, and U.S. observers to replace U.N. observers in the Sinai.

Oct. 14—The Cabinet votes to expand the number of Jewish settlements on the occupied West Bank of the Jordan River without expropriating any Arab land; land seized from the Jordanian government by Israel in 1967 will be used.

Oct. 21—Foreign Minister Moshe Dayan submits his resignation to Prime Minister Menachem Begin; Dayan disagrees with the government's hardline policy in the occupied areas.

Oct. 22—The High Court rules unanimously that the government must dismantle Elon Moreh, a settlement in

the Nablus area of the West Bank; the government claimed that the settlement was needed for security reasons.

Oct. 28—The Cabinet votes to move the settlement recently ruled illegal by the Supreme Court; the area around Nablus will be returned to its Arab owners.

Oct. 29—Prime Minister Begin announces that he will temporarily assume the post of Foreign Minister.

Finance Minister Simcha Ehrlich agrees to resign his post in favor of Yigal Hurvitz.

### ITALY

Oct. 29—Foreign Minister Franco Maria Malfatti announces that his government has granted "political recognition" to the Palestine Liberation Organization.

### JAPAN

Oct. 7—Nationwide parliamentary elections are held.

Oct. 8—In yesterday's elections the governing Liberal Democratic party of Prime Minister Masayoshi Ohira wins 248 seats in the 511-seat lower house, one seat less than in the 1976 election; 10 independent members give their support to the Liberals; thus allowing Liberals to retain control of the government. Ohira had forecast a substantial Liberal increase.

Oct. 31—Opposition factions in Ohira's Liberal party jointly ask Ohira to step down as party leader and as Prime Minister; the party fared poorly in the recent elections.

### KOREA, SOUTH

(See also *U.S., Foreign Policy*)

Oct. 4—Opposition leader Kim Young Sam is expelled from the National Assembly by pro-government legislators; Sam is accused of violating an emergency decree by denouncing the government.

Oct. 13—Following Sam's expulsion from Parliament, 70 opposition members resign from the National Assembly.

Oct. 16—In Pusan, thousands of student demonstrators protest the government's 1972 constitution that gives President Park Chung Hee almost unlimited personal power.

Oct. 17—U.S. Secretary of Defense Harold Brown arrives in Seoul for annual talks with military leaders.

Oct. 18—Secretary Brown says the U.S. will increase the firepower capacity of U.S. troops stationed in Korea and will provide assistance for the South Korean defense industry.

Oct. 26—In Seoul, in a private government dining room, President Park Chung Hee is shot and killed by Kim Jae Kyu, chief of the Korean Central Intelligence Agency; 4 others, including the President's bodyguard, are also shot and killed; the killing is termed an accident. Kim is taken into police custody.

The Cabinet meets in emergency session and names Prime Minister Choi Kyu Hah as acting President.

Martial law is declared and all airports are closed; General Chung Seung Hwa is named martial law administrator.

Oct. 27—The martial law command issues an interim report that says that Kim shot Park in a premeditated plot.

In Washington, D.C., U.S. Secretary of Defense Harold Brown announces that a U.S. aircraft carrier and radar warning planes are being dispatched to South Korea as a warning to North Korea not to take advantage of the confusion following Park's death.

Oct. 30—South Koreans investigating the death of Presi-

dent Park arrest presidential chief of staff Kim Kye Won and "a large number of others."

### MEXICO

(See also *U.S., Administration*)

Oct. 2—In Mexico City, President José López Portillo, referring to the 1972 U.S. refusal to pay Mexico for damages to the Mexicali Valley caused by saline water from the Colorado River, says that Mexico "will pay nothing" toward the cost of repairing damage to the Texas coast by oil from a runaway well in the Gulf of Mexico.

### MOROCCO

(See *U.S., Foreign Policy*)

### NAMIBIA

(See *South Africa*)

### NIGERIA

Oct. 1—In Lagos, Shehu Shagari is sworn in as President. A new constitution goes into effect and a newly established federal system of governors and a Senate and House of Representatives modeled on the U.S. system are inaugurated. The country returns to civilian rule after 13 years of military control.

### PAKISTAN

Oct. 16—President Mohammed Zia ul-Haq postpones indefinitely general elections scheduled for November 17.

Oct. 17—Opposition political leaders are arrested and placed under house arrest.

### PANAMA

Oct. 1—The Panamanian government takes control of the Canal Zone; about 40 percent of the area will remain under U.S. control until 2000.

### ST. VINCENT AND THE GRENADINES

Oct. 27—In Kingstown, the former British possessions in the Windward Islands of the Caribbean achieve their independence. Milton Cato will serve as Prime Minister until elections are called.

### SOUTH AFRICA

(See also *U.S., Foreign Policy*)

Oct. 1—The 5 Western nations involved in the negotiations for an independent Namibia (the U.S., Germany, Great Britain, Canada and France) submit a new plan to the South African government, including a demilitarized zone between Namibia, Angola and Zambia.

Oct. 8—Former chief of the Information Ministry Eschel M. Rhodie is sentenced to 6 years in prison for fraud.

### SPAIN

Oct. 26—Referendums on home rule are held in the provinces of Catalonia and the Basque region.

Oct. 27—Official election results overwhelmingly favor limited self-rule for the two regions.

### SWEDEN

Oct. 9—Former Prime Minister and leader of the Center party Thorbjorn Falldin is asked to form a coalition government.

### TURKEY

Oct. 6—In Ankara, Palestine Liberation Organization leader Yasir Arafat officially opens a PLO office; this

amounts to the equivalent of diplomatic relations between the government and the PLO.

Oct. 14—Nationwide parliamentary by-elections are held.

The right-wing Justice party wins all 5 contested seats in the National Assembly; the ruling Republican People's party of Prime Minister Bulent Ecevit loses its parliamentary majority.

Oct. 16—Prime Minister Ecevit resigns.

Oct. 24—Justice party leader and former Prime Minister Suleyman Demirel is asked to form a new government.

### U.S.S.R.

(See also *Greece; U.S., Foreign Policy*)

Oct. 4—In East Berlin, Soviet President Leonid I. Brezhnev arrives for celebrations marking the 30th anniversary of East Germany.

Oct. 5—In East Berlin, representatives of East Germany and the Soviet Union sign an economic protocol; East Germany will receive Soviet oil, gas and nuclear equipment in exchange for ships and tool-making and chemical equipment.

Oct. 6—In East Berlin, Leonid Brezhnev announces that the Soviet Union will withdraw up to 20,000 troops and 1,000 tanks from East Germany during the next year. He warns against the deployment of U.S.-made nuclear missiles in West Europe.

In addition, he offers to remove some of the Soviet SS-20 medium-range missiles aimed at West Europe if West Germany does not deploy the new U.S. Pershing nuclear missile on her territory.

Oct. 25—In Moscow, Soviet President Leonid I. Brezhnev and the People's Democratic Republic of Yemen (PDRY) President Abdel Fattah Ismail sign a 20-year treaty of friendship.

### UNITED KINGDOM

#### Great Britain

(See also *China; Zimbabwe-Rhodesia*)

Oct. 21—An agreement is reached between the National Graphical Association and the *Sunday Times* (London) and *The Times*; publication of the papers will begin next month.

Oct. 24—Chancellor of the Exchequer Sir Geoffrey Howe lifts all government controls on foreign exchange.

#### Northern Ireland

Oct. 25—In London, Secretary of State for Northern Ireland Humphrey Atkins calls for a conference of all Northern Ireland's political parties to work out a plan to transfer administrative duties to Ulster.

Leader of the Protestant Unionist party of Northern Ireland James Molyneaux says his party will not participate.

### UNITED STATES

#### Administration

Oct. 2—Secretary of Commerce Juanita Kreps reveals that President Jimmy Carter has sent legislative proposals to Congress to increase privacy safeguards for holders of insurance policies and credit cards.

Oct. 3—Secretary of Commerce Juanita Kreps resigns for "personal reasons."

Oct. 10—Senior White House sources report that the administration's goal of a stockpile of 240 million barrels of home heating oil and diesel fuel has been met.

Oct. 13—Speaking to 28 randomly selected questioners in his second call-in radio question and answer show, "Ask

the President," President Carter says "Our Number 1 reliance on correcting the energy problem . . . is conservation"; he also urges Senate ratification of the Strategic Arms Limitation Treaty (SALT II).

Oct. 17—In testimony before the House Subcommittee on Oversight of the House Permanent Select Committee on Intelligence, Department of Energy and Central Intelligence Agency officials predict the return of gas lines and higher prices for oil in the early 1980's.

Oct. 20—President Carter speaks at the dedication of the John F. Kennedy Library in Boston; he praises John Kennedy as "a symbol of human aspirations."

Oct. 24—In a unanimous decision, the Federal Trade Commission rules that the American Medical Association cannot prohibit doctors from advertising their fees and services; however, it permits the association to formulate guidelines for acceptable advertising.

Oct. 25—The Treasury Department reports that the U.S. fiscal 1979 deficit was \$27.7 billion, the smallest in 5 years.

Oct. 29—The Civil Aeronautics Board approves a Pan American World Airways bid to take over National Airlines; President Carter must approve the action.

Oct. 30—President Carter names U.S. Court of Appeals Judge for the Ninth Circuit Shirley M. Hufstедler to be Secretary of the new Department of Education.

In a 179-page report to President Jimmy Carter, the President's Commission on the Accident at Three Mile Island says that, because of deficiencies in construction, operation and regulation of nuclear plants, "an accident like Three Mile Island was eventually inevitable." Even if fundamental changes are made to keep the risks "within tolerable limits," there is "no guarantee that there will be no serious future nuclear accident." The commission finds that many different factors contributed to the Three Mile Island accident. The commission does not recommend a halt in construction of new nuclear reactors.

The Treasury Department rules that Mexican produce, particularly tomatoes, is not being sold in this country at prices unfair to Florida growers; Mexican produce can continue to be marketed.

#### Civil Rights

Oct. 1—*The Progressive Magazine* publishes its controversial article on hydrogen weapons; federal court orders have prevented its publication since March; but on September 28 the U.S. Circuit Court of Appeals for the Seventh Circuit lifted a U.S. district court preliminary injunction which had prevented publication of the article.

Oct. 9—President Jimmy Carter signs a bill authorizing \$14 million for the Civil Rights Commission for fiscal 1980.

Oct. 18—For the 3d day, racial unrest and scattered clashes between whites and blacks upset Boston's East Boston High School, South Boston High School and some other schools.

Oct. 22—The federal Equal Employment Opportunity Commission files suit in 5 cities against Sears, Roebuck & Company, charging that the company discriminates against women, blacks and Hispanics.

Oct. 23—Meeting with his White House Advisory Committee for Women, President Carter says he is a strong supporter of the equal rights amendment and calls it "one of the most serious needs of our country."

Oct. 29—More than 1,000 demonstrators are arrested outside the New York Stock Exchange as they attempt to delay its 10:00 A.M. opening to protest the link between business and the nuclear industry.



## Economy

Oct. 3—Gold closes on the London market at \$426 a troy ounce.

Oct. 4—The Labor Department reports that its producer price index rose 1.4 percent in September.

Oct. 5—The Labor Department reports that unemployment fell to 5.8 percent in September.

Oct. 6—The Federal Reserve Board increases the discount rate from 11 to 12 percent and tightens credit in other ways.

Oct. 9—The nation's banks raise their prime rate to 14.5 percent. The Dow Jones industrial average falls 26.45 points, the heaviest loss in 6 years.

Oct. 10—The greatest volume in history, 81.6 million shares, is traded on the New York Stock Exchange.

Oct. 18—The Federal Reserve Board reports an astounding \$2.8-billion rise in the nation's money supply for the week ending October 10.

Oct. 19—Acting to drain excess money from the money market, the Federal Reserve Board drives the Treasury bill rate to a record 12.02 percent.

The Commerce Department reports that the GNP rose 2.4 percent for the 3d quarter of 1979.

Oct. 23—Most of the nation's banks raise their prime rate to 15 percent.

Oct. 25—The Federal Reserve Board admits that it made a \$3.7-billion mistake in estimating the nation's money supply during the first 2 weeks of October; the Board reports that the error was caused by the Manufacturers Hanover Trust Company, which claims the error was caused by a new reporting form.

The Department of Labor reports a 1.1 percent rise in its consumer price index in September.

Oct. 27—Citibank raises its prime rate to 15.25 percent.

The Federal Reserve Board reports it made another error of \$800 million in reporting the nation's money supply; again the overestimate was caused by an error in a report from Manufacturers Hanover Trust Company. Bank estimates of money supply are used by the FRB to determine its monetary policies.

Oct. 30—The Commerce Department reports that its index of leading economic indicators rose 0.8 percent in September.

The Commerce Department reports a trade deficit of \$2.83 billion in September.

The Chrysler Corporation reports a \$460.6 million loss for the 3d quarter, the worst quarterly loss for a continuing operation ever reported by an American company.

## Foreign Policy

(See also *Chile; Iran; South Korea; U.S.S.R.*)

Oct. 1—In a televised address to the country, President Carter says that "the greatest danger to American security tonight is certainly not the two or three thousand Soviet troops in Cuba . . . but the breakdown of a common effort to preserve the peace and the ultimate threat of a nuclear war." He says that he has "significant" assurances from Soviet President Leonid Brezhnev that although the Soviet troops will remain in Cuba, they only run a "training center." The President says that surveillance over Cuba will increase, a new Caribbean Joint Task force based at Key West will be established, American military operations in the area will be expanded and regularized and intelligence capabilities for surveillance of Cuban and Soviet activity will be improved.

Oct. 2—Liberian President William Tolbert, Jr., meets with President Jimmy Carter at the White House.

Oct. 3—The Agriculture Department agrees to allow the Soviet Union to buy up to 25 million metric tons of American corn and wheat in the next 12 months.

The Defense Department announces that Defense Secretary Harold Brown notified the Department of Commerce on September 27 that he had refused to approve the sale of computer technology by Control Data Corporation to the Soviet Union.

Oct. 5—American civil rights leader, Jesse Jackson, head of People United to Save Humanity, and his 17-member delegation end their Middle East tour with a news conference in Beirut; the party toured Israel, the West Bank, Jordan, Lebanon, Egypt and Syria, meeting government and PLO leaders in most countries.

The Pentagon confirms that the U.S. has resumed sending spare parts for American-built military planes to Iran although no weapons or ammunition have been sent.

Oct. 6—In the first U.S. aerial surveillance over Cuba since November, 1978, a U.S. SR-71 spy plane flies over Cuba to get more detailed information about Soviet troops stationed there.

Pope John Paul II meets with President Jimmy Carter at the White House at the start of a 2-day visit to the capital; both President and Pope call for peace.

Oct. 7—Pope John Paul II leaves Washington, D.C., to return to the Vatican, after a 7-day U.S. tour.

Oct. 9—At a televised news conference in Washington, D.C., President Carter says that Soviet President Leonid Brezhnev's recent offer of troop, tank and missile reductions "is not as constructive a proposal as at first blush it seems to be. What he is offering in effect is to continue their own rate of modernization . . . provided we don't modernize at all"; he believes that the Atlantic Alliance should proceed to modernize its own missiles in West Europe. (See also *U.S.S.R.*)

Oct. 12—A final 4.6-mile link completes Interstate 5 in California's San Joaquin Valley and opens the 1,380-mile freeway from Vancouver, Canada, through the U.S. to Tijuana, Mexico.

Oct. 13—The Arms Control and Disarmament Agency issues a report that says that the Soviet Union spent one-third of the world total on arms in 1977, about \$140 billion; the U.S. spent \$101 billion.

Oct. 17—U.S. district court Judge Oliver Gasch rules in Washington, D.C., that President Carter needs the approval of two-thirds of the Senate or a majority of both Houses of Congress to terminate the mutual defense pact with Taiwan. The decision resulted from a suit brought by Senator Barry Goldwater (R., Ariz.) and 25 other conservatives; unless it is successfully appealed, Secretary of State Cyrus Vance cannot terminate the treaty January 1, 1980.

Oct. 18—The Justice Department files notice of an appeal with the U.S. Court of Appeals for the District of Columbia to overturn the October 17 ruling of Judge Oliver Gasch.

Oct. 22—White House sources say that President Carter will seek congressional approval to send armed planes and helicopters to Morocco for use against guerrillas in the Western Sahara.

Oct. 25—The State Department reports that the U.S. detected signs of a low-level nuclear explosion September 22 in the Indian Ocean near South Africa.

Oct. 26—Secretary of State Vance says that the evidence of a nuclear explosion in or near South Africa was so inconclusive that it is not possible to say whether or not an atomic device was detonated.

The Defense Department orders "a moderate" state of alert for U.S. forces in South Korea following the slaying of South Korean President Park Chung Hee.

Speaking at the White House and joined by 3 Senators just back from Cambodia, President Carter appeals to the Cambodian government to admit convoys of trucks bearing food from international relief agencies for starving Cambodians; the ruling Kampuchean People's Revolutionary Council has refused to admit the convoys from Thailand.

Austrian Chancellor Bruno Kreisky confers with President Carter in Washington, D.C.

Oct. 31—In Algiers for the 25th anniversary of the start of the Algerian revolution against France, national security adviser Zbigniew Brzezinski says that the U.S. endorses a political solution to the Algerian-Moroccan war in the Western Sahara but will not let Morocco be overrun despite our policy of nonalignment.

### Legislation

Oct. 2—In testimony before the Senate Subcommittee on Energy and Nuclear Proliferation, Energy Department officials acknowledge that at least 8 "highly sensitive" documents relating to nuclear weapons were mistakenly declassified and made available to the public.

Oct. 11—By an 81-15 vote, with 4 only voting "present," the Senate "denounces" Senator Herman Talmadge for financial mismanagement of his affairs; the Senator calls the vote a "personal victory" because he was not found guilty of willful wrongdoing.

Oct. 12—The House passes by a voice vote a compromise money authorization bill that is good only until November 20. The bill frees funds for federal agencies, which are permitted to continue to spend at last fiscal year's rate until Congress passes a regular appropriations bill; gives members of Congress an automatic 5.5 percent raise; and temporarily limits federal funds for abortions to cases when the life of the mother is endangered or in cases of incest or rape.

The Senate passes the bill by a 44-42 vote.

Oct. 17—President Carter signs legislation creating a new Department of Education.

Voting 301 to 112, the House passes and completes congressional action on legislation that gives President Carter authority to draw up a standby gasoline rationing plan in the event of a gasoline shortage, to take effect in 30 days should the President so order.

Oct. 31—House and Senate conferees agree on a compromise \$547.6-billion federal budget for fiscal 1980, with a projected deficit of \$29.9 billion. Both houses must now pass the legislation.

### Military

Oct. 17—In a training exercise ordered by President Carter, 1,800 marines come ashore at the U.S. naval base at Guantanamo Bay, Cuba, in a simulated landing.

### Politics

Oct. 11—In a Washington, D.C. speech, Republican presidential candidate John Connally calls for Israeli withdrawal from most of the occupied territory and for Palestinian autonomy; in return, he suggests that the Arabs provide an uninterrupted flow of oil at a reasonably stable price.

Oct. 19—With almost all votes finally counted in the October 13 Florida Democratic caucuses, President Carter seems assured of a large majority of the 879

delegates, winning over Senator Edward Kennedy (D., Mass.).

At a news conference in Washington, D.C., former President Gerald Ford says he has made "a firm decision not to become an active candidate" for the Republican presidential nomination although he will not rule out a draft from a deadlocked convention.

Oct. 29—Senator Edward Kennedy announces he will officially declare his candidacy for the Democratic presidential nomination on November 7.

### Supreme Court

Oct. 9—The Supreme Court refuses to review a U.S. Court of Appeals ruling of last March 19 that nullified a lower court's contempt citation against Attorney General Griffin Bell in a \$40 million suit brought by the Socialist Workers party against the government for its refusal to release its files on informers in the party.

### VATICAN

(See also *U.S., Foreign Policy*)

Oct. 1—Pope John Paul II addresses a crowd on the Boston Common on the first day of his 7-day tour of the U.S.

Oct. 8—Pope John Paul returns to the Vatican.

### VIETNAM

Oct. 20—In Bangkok, Vietnamese Minister of State for Foreign Affairs Nguyen Co Thach and Thai Prime Minister Kriangsak Chamanand meet for the 2d day; Thach announces that Vietnamese soldiers will not pursue Cambodian guerrillas into Thailand.

### YEMEN, SOUTH

(See *U.S.S.R.*)

### ZIMBABWE-RHODESIA

Oct. 3—In London, British Foreign Secretary Lord Carrington submits a final draft of a new constitution to the delegates from the Patriotic Front guerrilla alliance and officials of the black-led government of Zimbabwe-Rhodesia.

Oct. 5—The government of Prime Minister Abel T. Muzorewa accepts the constitution proposed by Great Britain, which eliminates the power of the white minority to block legislation.

Oct. 8—The Patriotic Front alliance rejects the latest constitution proposed by Great Britain; the Front claims the proposals grant too many protections and privileges to the white minority.

Oct. 11—The conference on Zimbabwe-Rhodesia recesses indefinitely.

Oct. 16—British Foreign Secretary Lord Carrington continues negotiations with Prime Minister Muzorewa; the Patriotic Front alliance is invited to attend when they agree to the latest British proposals on a constitution.

Oct. 18—The Patriotic Front accepts the latest British proposals for a new constitution and resumes its place in the negotiations.

Oct. 22—The British government submits its plan for a British governor to administer the country until elections are held under a new constitution; the proposals call for an election council, appointed by Britain, to oversee the elections.

Oct. 27—Prime Minister Muzorewa accepts Britain's proposal for new elections; the Patriotic Front is demanding participation in the supervision and preparation of the elections. ■

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